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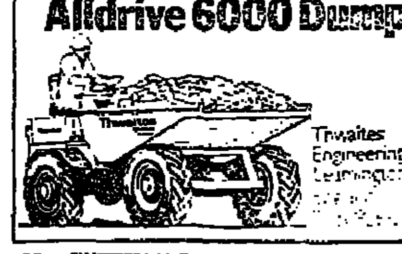

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NEWS SUMMARY

GENERAL

Kidnap priest returns home

Father Hugh Murphy, the Roman Catholic priest kidnapped by the Ulster Freedom Fighters, turned up in his own parish alive and well last night.

He is thought to have been kidnapped in revenge for the abduction of RUC Constable William Turbitt.

The priest was dragged from his home by men who later phoned a local radio station and said they would return him "in the same condition as the RUC constable."

Sadat offers compromise

President Sadat of Egypt would agree to slight border modifications and the presence of Israeli garrisons in the West Bank after the conclusion of a peace treaty.

A protocol released last night of a meeting between President Sadat and Mr. Shimon Peres, Israeli opposition leader, says that the Egyptian leader recognises different security considerations for Sinai and the West Bank. Back Page

PM outlines election policy

The Prime Minister has called on the Labour Party to prepare for a General Election campaign on a programme of "national harmony and economic prosperity."

After defining what he saw as a Labour Government's tasks for the 1980s, he told a rally in Brecon, Wales: "You can't build for the 1980s on the the theories of the 1880s as Sir Keith Joseph and other Tories are proposing." Back Page

Peruvian arrest

General Leonidas Rodriguez, leader of Peru's Revolutionary Party, was arrested yesterday after voting for the proposed constituent assembly, adding weight to fears that the projected return to a democratically elected civilian government will prove abortive. Page 2

Belgian solution

The Belgian political crisis appeared to be near a solution yesterday after weekend talks between members of the four-party coalition. Mr. Leo Tindemans, who threatened last week to resign as Prime Minister, said that the Government had now agreed on measures to deal with economic problems. Page 2, Editorial Comment, Page 14

World Cup results

World Cup (Argentina). Group A: Italy 1, Austria 0; Holland 2, West Germany 2. Group B: Poland 1, Peru 0.

Penny salary

The Rev. Tony Clements, director of a £100,000-a-year African violets business, is to become priest for his home village of Tilney, Norfolk. He will be paid 1p a year. In Oxford, trainee vicars from Wycliffe Hall failed to beat the world conga dancing record.

Briefly . . .

£50,000 weekly premium bond prize won by bond 1PK 721350.

The head of South Africa's Bureau of State Security has been refused a visa to visit the U.S.

Andy North, a 28-year-old Wisconsin-born professional, is the new U.S. Open Champion. His one over par total of 285 gave him a one stroke advantage over Dave Stockton and J. C. Snead. Page 12

About 2,000 supporters of the Anti-Nazi League attended a rally in Brick Lane, East London, yesterday.

BUSINESS

Building society merger opposed

● MERGER plans between the Anglia Building Society and the Hastings and Thanet are being opposed by a group of dissatisfied shareholders.

The merger would create the country's seventh largest building society, with assets of about £1.2bn. Back Page

● INDEX of average earnings for April, published today, is expected to give firm evidence of how the Government's Phase Three pay policy is progressing. During the first eight months of Phase Three only 66 per cent of workers have reached agreement, compared with 80 per cent in the previous round. Back Page

● NATIONAL SAVINGS investment declined substantially last month according to Department for National Saving provisional figures. Net receipts were £81.5m compared with £137.4m in April. Page 5

● JAPAN is planning emergency imports worth up to $4bn to help reduce its trade surplus.

● LONDON MERCHANT banks hidden reserves could total as much as £117m, a leading firm of stockbrokers estimates. Among the largest holders of inner reserves, the brokers say, are Schroders, Hambros, Morgan Grenfell and Kleinwort Benson. Back Page and Lex

● INA Corporation of the U.S. plans to launch a new "highly specialised universal" bank within the next 18 months with a capital of some $50m. Page 29

CARS

New orders for Chrysler

● CHRYSLER UK has won important new component orders from Iran National, the State motor corporation of Iran, which will safeguard Chrysler jobs at its Coventry engine plant. Page 5.

● VAUXHALL MOTORS has announced a 3.7 per cent mid-year increase in prices from today. The increase follows a 3.8 per cent increase by Ford at the beginning of the month. Page 4

● LEYLAND CARS has completed its £3m expansion of an assembly track at its Acocks Green plant to facilitate production of Land-Rovers and Range Rovers with the new V8 engine. Page 4

● TOP TEN UK motor component groups earned an average 8.2 per cent profit margin on sales in the last financial year, according to a recent survey. Page 4

Unions demand more jobs

● TRADE UNION leaders from western Europe and the U.S. have warned that workers will stop co-operating in raising productivity or in rationalising industry unless governments act swiftly to increase job opportunities. Page 7

● SINGER, the U.S. multinational manufacturing company, is to hold talks in London this week on the future of the company's Clydebank sewing machine factory, and plans will be put to the 4,800 workforce on Thursday. Page 4

● VISITING foreign businessmen can expect to spend £53 a day in London, a 15 per cent increase in the past eight months, according to a recent survey. For every £100 spent in London, an executive would spend £135 in Brussels, £117 in Zurich and £226 in Kuwait. Page 5

EEC takes tough line to protect its steel industry

BY ROY HODSON

Tough new measures have been agreed between the European Commission and member governments of the Nine to protect the European steel industry. They include punitive fines to be levied on low-priced imports, and the impounding of suspect steel cargoes at EEC ports of entry by customs officials.

The measures are being coupled with a new deal with the north Italian independent steelmakers—the Bresciani—in an attempt to save the EEC Davignon Plan.

Introduced by Viscount Etienne Davignon, European Industrial Commissioner, the plan includes price stability and controlled production but flaws have now appeared in the strategy.

There is evidence of European steel companies breaking the Davignon rules by under-cutting recommended prices and increasing steel production beyond agreed limits.

The new arrangements proposed by the EEC and backed by Eurofer, the club of European steelmakers, involve fines of up to 25 per cent of the value of steel cargoes arriving at EEC ports which contravene the pricing rules.

Customs officials have also been instructed to refer offenders to Brussels.

Ships may be held for up to five days at ports of entry, while Brussels considers the validity of steel cargoes.

The EEC is undertaking to make final decisions upon action against suspect steel cargoes within 15 days of notification. In the past, the Commission has taken up to 15 months to rule on doubtful cases.

European steel makers believe that the Davignon Plan has a fresh chance of succeeding following deals arranged during the past week with the 81 Italian steelmakers.

The Bresciani have agreed new limits on their trade in certain types of steel with Britain, West Germany, France and the Benelux countries.

Effectively, Bresciani exports of bars and light sections to the other EEC countries will be cut by half.

A sales agency is being set up by the Italian steemakers this week in Milan, to act as the monitoring authority for exports. An EEC official will be resident in the office.

Sales curb

British steel industry representatives have concluded an arrangement to limit tonnages sold by the independent north Italian companies into the British market to roughly half former levels.

Similar deals have been made by the other EEC national steel industries.

If the new arrangements with the Bresciani stick, a major source of pressure upon the European steel market will be removed.

In the British market, Bresciani imports rose from virtually nothing in 1976 to an average of 6,000 tonnes a month in the second half of last year. They peaked at 9,000 tonnes a month (worth nearly £2m) in March this year.

European steelmakers are optimistic that the next six months will see more business at prices which will provide a more reasonable return.

Price increases of 5 per cent from next month are being recommended by the EEC.

The British Steel Corporation and several other major producers are implementing that rise.

Also, export markets for steel outside Europe are now improving and steel shortages in certain product ranges are beginning to appear in the United States.

Steelmakers are hopeful that the Bresciani deal and improved export prospects will enable Viscount Davignon to recommend a further rise in steel prices of up to 5 per cent in the autumn.

European companies claim they need at least that rise if they are to return to profit in 1979-80.

Mini-mill challenge Page 27

TUC seeks shorter week for manual workers

BY CHRISTIAN TYLER, LABOUR EDITOR

THE TUC is to tell the Government that its best hope of restricting wage rises to less than 10 per cent in the next bargaining round is to permit a two-hour cut in the working week without loss of pay for manual workers.

This is intended to be the heart of the understanding that Ministers and many senior union general secretaries expect to reach next month before Phase Three of the incomes policy expires on July 31.

Although there will be no talk of a formal Phase Four, another year of silent TUC acquiescence in the Government's earnings target is in prospect.

The fact that an October General Election is on the cards will, according to some union leaders ensure that the understanding and the wider union-Labour alliance will be backed by the annual Trades Union Congress this September.

Most white-collar workers, who have a 37-hour basic week compared with manual workers' 40 hours, will not benefit. It will be understood that people already working a standard 38 hours or less will not be entitled to extra money in lieu on top of the Government's "norm."

Although 35 hours will be the unions' policy commitment, the plan is to propose 38 as a first stage since that would add, on Government estimates, between 2.2 and 3 per cent to labour costs compared with 8 per cent or more for a five-hour cut.

The TUC will argue that the extra cost of the concession on top of the Government's wage norm will be spread over a fairly long period because shorter hours would not necessarily be taken up universally and would be introduced gradually.

Ministers will be told that a shorter week is now a genuinely-felt demand among workers and that its granting would help curb expectations on the pay front.

Furthermore, it would be hard evidence of willingness to tackle unemployment in the most direct

Continued on Back Page

Pressure on Saudi Arabia and Iran to raise oil prices

BY RICHARD JOHNS

GENEVA, June 18.

SAUDI ARABIA and Iran are under heavy pressure from other petroleum producers to agree to some increase, if only a nominal one, in oil prices to compensate for the depreciation of the dollar.

This evening Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, drove to the airport to meet Crown Prince Fahd and tonight he was understood to be holding urgent consultations with him.

Any concession to the demand for compensation for producers' losses because of the dollar's decline would require the assent of Crown Prince Fahd, who is the final arbiter of the kingdom's petroleum policy.

His stop-over here, en route to West German, where he is paying an official visit later this week, was scheduled but his meeting with his Oil Minister was more than a formal exchange, according to Saudi sources.

As the restricted meeting of heads of delegations broke up tonight Mr. Ali Jaidah, OPEC Secretary General, said: "We have discussed the dollar and inflation. So far we have not reached any conclusion. We meet again tomorrow."

Thus the conference, which many expected to last only until Saturday, will enter its third day with only qualified hopes of agreement being expressed by delegates.

Before going into this afternoon's session, Dr. Mohammed Yeganeh, head of the Iranian delegation, gave the clearest indication of greater flexibility when he said somewhat ambivalently that there would be no price rise "relative to inflation."

The implication was that Iran does not rule out some upward adjustment to make up for the producers' losses because of the depreciation of the dollar, the unit of account for oil prices.

Earlier, Dr. Yeganeh had said that while there was no question of compensation over inflation, "we are ready to consider all proposals to protect OPEC revenues against the depreciation of the dollar."

Various studies have been reviewed here by the Ministers, but the general consensus is that any alleviation of producers' losses would have to come from a straight percentage increase in oil prices rather than adjusting them in future according to the movement of a basket of currencies or Special Drawing Rights.

Continued on Back Page

Some Community staff overpaid

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, June 18.

MANY of the 12,000 permanent staff employed by the European Commission and other EEC institutions have for the past 18 months received higher pay than they are entitled to, because of a technical error.

In some cases, the over-payments are said to be £20 per week.

The error, estimated to be costing the Community several million pounds a year, became known to Commission officials and EEC governments more than a year ago, but has not been disclosed until now.

A plan to rectify it has been drawn up, but it will probably be several months before this goes into effect.

Officials in Brussels believe that it may be difficult to recoup money already paid.

The EEC's permanent staff are among the best-paid civil servants in Europe. On top of their basic salaries, they receive generous marriage and family benefits and a special allowance to compensate them for working outside their own country.

Roughly three-quarters of the Commission's 8,000 staff are expatriates.

The anomaly apparently stems from a decision, taken by the Council of Ministers about 18 months ago, to change the basis for computing salaries and allowances.

The aim was to link future rises in the net pay of EEC staff more closely to the average increase in the salaries of national civil servants of the Nine.

It became clear later, however, that the method chosen inflated the value of the family and expatriation allowances paid to a large proportion of the EEC's permanent staff.

In an extreme, but not untypical, case — a married medium-level employee with three children living outside his own country — the difference is worth almost £85 per month.

The Commission has declined so far to publish complete information on the numbers of staff and the sums involved.

But officials estimate that it may amount to £5m over the past 18 months.

Because the overpayments result from a formal decision by the Council of Ministers, it is not considered possible to insist that the money be refunded.

It has been proposed instead that employees benefitting from the error should forego further increases until the distortion is eliminated by wage inflation.

This compromise is due to be formally presented to the EEC's Staff Association this week. But indications are that it will encounter resistance.

Crucial trade pact talks open

By Jurek Martin, U.S. Editor

WASHINGTON, June 18.

MINISTERS representing most of the major industrialised countries began three days of talks here today which are likely to be crucial in determining whether an international trade agreement can be reached by the Bonn economic summit in a month's time.

According to Mr. Robert Strauss, the U.S. Special Trade Representative, the chief aim of the negotiations is to narrow the outstanding differences separating the parties.

Both U.S. and European sources stress that it will not prove easy to resolve the most difficult sticking points—particularly the questions of access for agricultural products, subsidies paid to domestic industries by national Governments, and "safeguard" measures that might be applied selectively against the products of another country.

The U.S. would still like to reach a final agreement by the July 15 deadline set by Mr. Strauss to strengthen the deliberations of the seven Heads of State, plus the European Community, who are due to meet in Bonn three days later.

Backing

But if that goal is not met, Mr. Strauss, who is acutely conscious of the fact that any trade pact must be acceptable to the U.S. Congress, may pass the matter to the Heads of State in Bonn for final resolution.

All the parties generally agree that the trade pact must have political backing at the highest level to heighten its international acceptance and to act as a cohesive influence when officials bargain over the fine print later in the year.

Besides the three outstanding issues of agriculture, subsidies and safeguards, the Ministers this week will be discussing differences in customs valuations.

They will also discuss the state of the steel industry worldwide, including the possible creation of an international steel monitoring committee, the use of trade measures for balance of payments purposes and the demands of the developing countries.

Mr. Strauss is heading the U.S. delegation, Mr. Wilhelm Haferkampf, vice-president of the Commission, is representing the EEC, Mr. Nobuhiko Ushiba, Minister for External Economic Affairs, Japan and Mr. Jack Warren, Trade Co-ordinator, Canada.

World trade talks, Page 14

Germans give warning on Boeing offer

BY ADRIAN DICKS

BONN, June 18.

THE ENTIRE future of the European aerospace industry would be put at risk if Britain accepted the offer of co-operation made to it by Boeing, rather than joining in the long-term offer of partnership with Europe which would follow participation in the A 300 B10 version of the European airbus.

These are the considered views of senior West German officials responsible for aerospace policy, and they have been expressed emphatically by them to the British Government. Among the risks Britain would take would be that of exclusion from future joint military aircraft programmes.

German officials are anxious not to make the reference to co-operation on military aircraft sound like a threat to Britain. But they clearly feel that the UK cannot turn its back on civil airliner co-operation and expect this to have no effect on the much larger military sphere where European governments are slowly feeling their way towards much more permanent aerospace collaboration.

While the Germans have shown much understanding for Britain's dilemma over whether to "go Boeing" or to join the Europeans and have also shown restraint in their public comments, officials here leave no doubt of their deep concern.

It is accepted that the Boeing offer of partnership in the proposed 757 airliner would provide more jobs in Britain in the short term and would also give immediate prospects of work to Rolls-Royce. By contrast, there is now little chance that the B10 version of the European A300 airbus could provide a role for the British engine manufacturer.

Equal terms

What worries the West German Government, however, is that too little weight is being given in Britain to the longer-term implications of a relationship with Boeing that, it is felt here, would offer Britain no more than sub-contractor status.

The Germans strongly contend that Europe has come to seem an attractive partner to US aerospace companies precisely because it has, with the present versions of the Airbus, begun to prove itself a successful competitor on the commercial as well as on the technical level.

In the German view, only the maintenance by the European aerospace industry of a strong, independent technological base from which commercially viable projects can be launched, will both guarantee the future of what should be a growth sector and enable European governments to deal with the US on more equal terms.

The German Government is at the same time anxious to avoid any suggestion of anti-Americanism. Not only are several joint studies of future military aircraft going on, but Bonn is encouraging the talks going on between McDonnell Douglas and a group of European manufacturers over co-operation in a proposed 190-seat medium-range airliner.

Decision

Not least, this is viewed as a way in which the European industry should be able to circumvent the political difficulties of selling civil aircraft in the all-important U.S. market—an area where the German Government is especially anxious to stamp out protectionist tendencies on both sides of the Atlantic.

British participation in the B10 project is the immediate issue. With the manufacturers pressing for definitive agreement on how work on this project is to be shared, officials here speak of the need for a British decision within a few weeks. At the same time, the West German Government will not give a definitive go-ahead until the manufacturers' consortium, Airbus Industrie, can provide solid proof that a sufficient number of independent major airline customers are definitely interested in buying the B10.

Should Britain eventually decide not to join in the B10 project, the West German Government sees little hope of going any further with studies for the two proposed joint European transport airliners. However, neither of these still largely hypothetical projects carries anything like the same industrial or political meaning here as the B10.

Officials do not share the view of Airbus Industrie that the three projects make up a single package, if only because it is realised that funds to build all three will not be available if Britain is not a member of the partnership.

Shelton works land sale plea

THE UNION action committee at Shelton Steelworks, Stoke-on-Trent, wants the right to sell the land when the plant closes next Friday.

It fears that if the British Steel Corporation handles the sale, speculators will move in and delay the development of a proposed new industrial estate.

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FEATURES

For latest Share Index 'phone 01-246 8026

THE RUBBER GROWERS' ASSOCIATION LIMITED

ANOTHER GOOD YEAR FOR PRODUCERS

PROGRESS TOWARDS AN INTERNATIONAL RUBBER PRICE STABILISATION SCHEME

Mr. R. G. DAWSON ON THE RELATIONSHIP BETWEEN PRODUCERS AND CONSUMERS

The Annual General Meeting of The Rubber Growers' Association Limited was held on June 16 in London.

Mr. R. G. Dawson, O.B.E., the Chairman, presided and opened the proceedings by paying tribute to the Association's late *Special Representative in Malaysia*, Tan Sri Sir Claude Fenner, K.B.E., C.M.G., Q.P.M., P.M.N., D.P.M.B., and asking those present *to stand in silence in* his memory.

In the course of his speech, Mr. Dawson said:—

Commodity Prices and Prospects

As a result of a combination of circumstances the price of rubber varied considerably less over the year under review than has often been the case. After a slow decline to a low point of 187½ cents per kilo FOB at the end of June 1977, there was a fairly rapid recovery to a high of 221 cents per kilo in September; this peak was not, however, maintained and the latter part of the year saw a return towards the June *price level—giving an* average price for the year of almost 203 cents per kilo which can be regarded as satisfactory. *I am happy to be able to add* that the current year has seen another *rise, culminating early* this month in a figure of 230 *cents per kilo, the highest price* reached since 1974.

The decline in the price of palm oil which was generally forecast did take place, and from the high point of £386 per metric ton CIF reached in April 1977, the price fell until it reached a low of only £235 per ton in October. Nevertheless, the average for the year was still £300 per ton which, although nothing spectacular, is still considerably higher than was forecast and was not unremunerative to efficient producers. During the present year, the price has recovered somewhat with recent quotations in the region of £330 per metric ton.

Members of the Association do, of course, grow a number of crops other than rubber and oil palm, and one which has in the last few years come into considerable prominence is cocoa. This particular crop, although undoubtedly at the present time more financially rewarding in terms of return per acre cultivated than either rubber or oil palm, demonstrated during the past year the kind of volatility in market price which is an anathema to producers and consumers alike. In July 1977, the price reached an astronomical £3,400 per metric ton only to decline by December to £1,825 per ton—a decline which continued in the early months of this year to reach a *low point* of £1,525 per ton. Since that date there was *brief recovery* to almost £2,000 per ton, but *recently the market has declined* and latest prices are in the region *of £1,650. So much is history.* But what of the future? I would *not venture to express* any opinion as to what might happen *to cocoa prices.* For rubber, however, there appears to be *ample reason to expect that*, as always, every pound produced will be sold and that the price at which it will be sold during the current year will remain at least at or about its present level; indeed, I should not be surprised to see prices move gradually higher.

In respect of palm oil, the outlook is less clear. There are a number of particular factors affecting this market, such as the considerable increase in refining capacity in Malaysia and a recrudescence of anti-palm oil propaganda in North America. However, the interchangeability between oils results in palm oil prices generally being largely determined by how the total edible oil market behaves and this, in turn, depends on the production and crop developments of very many crops in very many countries. With a very sharp rise in world edible oil production this year of 2.6 million tons and prospects of a record U.S. soya bean crop later this year, we should perhaps be prepared to see some decline in palm oil prices in the fairly near future. In the longer term, the most authoritative data available, that prepared for and by the FAO, suggests that there is likely to be, in the next few years, a surplus of supply over demand in the world market for fats and oils. It seems quite certain that for palm oil there is no immediate prospect of any buffer stock or other international agreement for controlling world prices and I, therefore, would expect to see *natural* market forces resulting in a decline in the price producers of oil palm products may expect to receive.

International Price Stabilisation Schemes

It may be appropriate, at this point, to comment in slightly *more detail upon the developments* relating to International *Price Stabilisation proposals.* It is only in the case of natural rubber that *discussions* have actually reached the point of becoming negotiations. This satisfactory state of affairs is due mainly to the fact that the producer nations offered a reasonable basis for an Agreement and the consumer nations have been prepared to build thereon: the Association can take a certain amount of credit also, in providing an Adviser to both the UK Government and to the EEC, who has been *able to afford valuable* liaison between the various—and sometimes *opposing—points* of view which have emerged. Nevertheless, it *should* be realised that there is still a long way *to go, and a lot of* work to be done before a viable Agreement *is reached—and it* will not be before the end of the year *that we can be sure* that all the obstacles have been overcome. *On behalf of the* Association, I offer our good *wishes for all those engaged in* these delicate, but extremely *important, negotiations.*

I shall now comment on two or three issues which I believe to be of particular interest.

Relationship between Producers and Consumers

The first such issue is the whole question of the relationship between the producers and the consumers of the commodities in which we are interested. Members of this Association are, inevitably, concerned with this problem as it develops in the context of the emergence of the Developing Nations and their increased and increasing demand for what has been called a New Economic Order which is reflected in one sense by Malaysia's own New Economic Policy and in another by the regrettable polarisation between the "have" and the "have not" nations. On the one hand lies the entirely natural desire of producing countries to control completely their own economic resources, and on the other the equally natural desire of the consuming countries, which can also be the source of both capital and know-how, to make certain of obtaining the raw materials they require, in the form they require, and at a price as low as possible. It is my belief that the answer must lie—as it so often does—somewhere between the two extremes. No one, least of all members of this Association, would object to countries who rely on agriculture as the mainstay of their economy having control of their own resources; equally, it must, I feel, be accepted that, in this market as in every other, the consumer and not the producer must be the final arbiter as to the form and nature of the product being sold. It is the task of the producer to be competitive.

Malaysia

This concept is extremely relevant to developments in *Malaysia, where, and quite* rightly, the greatest emphasis is put upon maintenance of the quality of the product. The *RRIM has earned itself a world* wide reputation as the guardian of natural rubber quality and the pioneer in advanced techniques of production and packaging. Malaysia is now on the verge of establishing a new Palm Oil Research Institute to do, we sincerely hope, for the oil palm industry what the RRIM has done for the rubber industry. The new Institute has been set up at the instigation of, and will be financed by, the producers; I trust that it will also appreciate, and be guided by, the basic requirement to meet consumer needs.

I would like to take this opportunity of extending to Datuk Musa Hitam our thanks for his courtesy and understanding while he occupied the post of Minister of Primary Industries and our very best wishes for success in his new post as Minister of Education. I am also happy to say that some members of the Council have already had the pleasure of meeting, here in the UK, the new Minister of Primary Industries, Datuk Taib. I am confident that the Association's relationship with "our" Ministry will remain as close and as friendly as it has been in the past—the more so as Datuk Taib is no newcomer but has already previously held the appointment as Minister and therefore is exceptionally well acquainted with the plantation industry's aspirations and problems.

Among those problems, shared by both the rubber and oil palm industries, is that of obtaining modifications to the tax structure which are needed to reflect present-day conditions and remove anomalies which discriminate against producers. The last Budget did indeed provide a measure of relief, which it is hoped will be only a starting point for further improvements: in particular, the palm oil industry is hopeful that in the near future agreement can be reached upon how forward contracts for the sale of palm oil may be registered.

Another major problem which *has still to be resolved lies in* the requirement to meet the *Malaysian Government's standards*, recently laid down, for *limiting pollution of the environment.* This problem will require the full attention of the scien*tists of both industries if the* very proper demands for antipollution measures are to be met without incurring expenditure which would make production unprofitable and therefore unviable.

The Chairman concluded by *paying tribute to the work done* by and the support he had received from his colleagues on the Council, Committees and Panels of the Association and the *Director* and Staff of the Secretariat.

OVERSEAS NEWS

EEC FINANCE MINISTERS MEETING

Consensus on recovery unlikely

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, June 18.

FINANCE MINISTERS of the nine Common Market countries hold their last meeting before next month's Bremen and Bonn summits in Luxembourg tomorrow, amid indications that they are unlikely to reach any *major* new decisions on the shape of a possible EEC *economic recovery package.*

The European Commission has *already decided to drop earlier* plans to recommend specific national growth targets for each of the Nine's economies. This follows the failure by *Ministers* of the 24 member countries of the Organisation for Economic Co-operation and Development to agree on any growth commitments when they met in Paris last week.

Instead, M. François-Xavier Ortoli, the Commissioner for Economic Affairs, will merely report on the outcome of private talks which he has held with EEC governments during the past few weeks. The Ministers may then draw up a statement on the general desirability of attaining higher growth rates to be submitted *to the Council of* Foreign Ministers when they *make the final preparations for* the Bremen summit later this month.

The continued reluctance of *Germany* and some other EEC governments to enter into any firm commitments to stimulate their economies is clearly disappointing to Britain, which had previously hoped that a greater measure of consensus would be reached on this score by now.

Nonetheless, the Chancellor of the Exchequer, Mr. Denis Healey, is reported to be *confident* that the principle of concerted reflationary action is accepted by Britain's EEC partners and to remain hopeful that Germany will decide on some additional stimulative measures later this summer.

Few EEC governments appeared poised, however, to boost their economies at present. *Indeed, the recent introduction* of more restrictive fiscal measures *in Britain, combined with* budget-cutting moves in Belgium and the Netherlands, *point* to a generally more deflationary stance.

While the French Government *is trying to boost business invest*ment by freeing price controls, its policy of maintaining strict limits on wage rises also seems likely to dampen demand.

Much of tomorrow's discussions are *likely to focus* on technical proposals for possible EEC *currency arrangements.* The signs are that Mr. Healey will be ready to discuss the proposals in some detail but will wish to hear the German Government's views before declaring his own hand.

Before the ministers will be a report by the EEC monetary committee suggesting options for currency arrangements. The *report was drawn up in the wake* of the EEC "summit" last April, *at which* Chancellor Helmut Schmidt argued strongly for an EEC *initiative in the currency* field.

Soviet Union sharply attacks Carter, Brzezinski statements

BY ROGER BOYES

THE SOVIET UNION has issued one of its sharpest and most *detailed* attacks on President Jimmy Carter's foreign policy, accusing *the U.S. of seriously* threatening world peace.

It came in an authoritative *5,500-word editorial published in* all of the main Soviet newspapers *at the weekend, including the* Communist Party organ Pravda.

The attack had two principal targets: *President Carter's recent speech* at Annapolis naval academy outlining his policy towards Moscow, and *the* accusation by Mr. Zbigniew Brzezinski, the President's National Security Adviser, during a visit to China last month, that the Soviet Union was violating "what was once called the code of detente."

Some Administration officials, said the editorial, were becoming so obsessed with the Soviet threat that they deliberately wooed China.

"They also forget that the Chinese leadership is playing a game of its own," it said. "Soviet/U.S. confrontation, and even better, war—that is the cherised dream of Peking."

Mr. Carter, said the editorial had confused rather than clarified relations between the superpowers by his speech at Annapo*lis.* His remarks had been carefully studied in Moscow, it said, but his policy was based on a contradiction between his continued asurances of loyalty to detente with unconcealed attacks on the Soviet Union.

Mr. Carter's human rights campaign was described as "disastrous for mutual confidence" and the U.S. was accused of pursuing an interventionist, neocolonialist policy towards Africa, especially in Zaire. Russia and Cuba have repeatedly denied involvement in the Zaire *fighting.*

Although unsigned, analysts in London said the editorial bore the clear imprint of Mr. *Alexander Bovin, a senior Soviet* commentator on U.S. affairs, who *is believed to be close to the* Soviet President, Mr. Leonid Brezhnev. The editorial was clearly approved at the highest level within the Kremlin.

Fukuda calls for promise on protection

MR. TAKEO FUKUDA, the Japanese Prime Minister, said yesterday the summit of leading non-Communist industrial countries in Bonn next month would be a success if it could make a promise not to resort to protectionism, Reuter reports from Tokyo.

Mr. Fukuda told a news conference that no substantive results could be expected from the seven-nation meeting which would discuss growth *without inflation, trade,* the problem of rich and poor nations, energy and currency issues.

Instructors for Zaire

CHINA HAS sent military instructors to help train Zaire's navy, Reuter reports from Kinshasa. Quoting diplomatic sources the agency says the Chinese arrived on Saturday, a week before a Chinese military delegation is due to hold talks with Zairean officials. Zaire's navy is composed of about 30 river and lake patrol boats and has 800 men.

Somali leader's tour

President Mohamed Siad Barre of Somalia is about to visit western Europe and is expected to start with Bonn before travelling to London and Rome, Reuter reports from Mogadishu. The visits are seen as part of his country's shift from Soviet influence towards an accommodation with the West.

Rebuff for S. Africa

General Hendrick van den Bergh, the retiring head of the South African Government's Bureau of State Security (BOSS), has been refused a visa to visit the U.S., Quentin Peel reports from Johannesburg. Quoting Rapport, the Afrikaans Sunday newspaper, he says that no reason has been given.

Alliance continues

The Free Democrat Party (FDP) in the state of Hesse has voted in favour of continued alliance with the Social Democrats (SPD). Jonathan Carr reports from Bonn. The vote is a victory for Herr Hans Dietrich Genscher, the FDP chairman and Foreign Minister. He feared that if the FDP retreated from clear support of the SPD after recent electoral setbacks it could lose all credibility with the voters at the state elections in October.

Expenditure cut of 15% for Greece

By Our Own Correspondent

ATHENS, June 18.

A SERIES of measures to stabilise the economy and fight *inflation have been announced* by the Greek Government. Mr Constantine Mitsotakis, Co-ordination Minister, said inflation, now running at about 15 per cent, was the number one enemy. The measures were *intended* to bring it down to last year's level of 12.8 per cent.

Mr. Mitsotakis said the Government was setting the example by reducing overall Budget expenditure this year by 15 to 20 per cent and slashing the public investments budget by 10 per cent.

The cost of public utilities, water, electricity, telecommunications and urban transport, would be frozen until the end of the year.

To help channel deposits back to banks, interest rates on deposits are increased by be*tween 2.5 and 3 per cent.* Basic interest rates on simple savings deposits with commercial banks will go up to a maximum of 10.5 per cent, and fixed term deposits will go up to 11 and 12.5 per cent, depending on the period for which they are deposited.

Interest on bank credits is increased by 1 per cent and rates on long-term loans thus go up to 12 per cent per annum. Interest on short-term lending for working capital is increased to between 15.5 and 18 per cent. Interest on export loans remains unchanged at 9.5 per cent.

Bank of Greece rediscount rate is raised from 11 per cent to 14 per cent. To encourage individuals to invest in the capital market, the Government has increased the tax-free limit on dividends received from company shares from drachmas 60,000 ($1,666) to drachmas 90,000 ($2,500) per recipient investor and from drachmas 15,000 ($416) to drachmas 25,000 ($694) per paying-out company.

The measures also include a decrease in company tax rates by 2 to 6 per cent for those companies which increase their share capital through the Stock Exchange.

A free interbank money market is to be created to adapt the Greek banking system to EEC conditions.

Compromise on Belgian Budget deficit measures

BY OUR OWN CORRESPONDENT

BRUSSELS, June 18.

THE POLITICAL crisis set off by M. Leo Tindemans' threat to resign as Prime Minister of Belgium last Thursday appeared to be well on the way to a solution this evening after a weekend of intensive consultations between members of the country's four-party coalition Government.

M. Tindemans said this afternoon that he was satisfied that solutions had been found to differences in the Government over plans to put into effect a series of measures aimed at dealing with pressing economic problems and the large deficit on the national Budget.

While he did not disclose the exact measures agreed, he said that they would be submitted to *Parliament at the same time as* the Government's intricate proposals for greater regional autonomy in the Flemish and *French-speaking communities.*

In addition, the discussions appear to have produced a *compromise concerning demands by M. Tindemans and his Social* Christian Party that the Government be *granted temporary* special powers to legislate the *1979 Budget by decree.*

The results of the weekend's *negotiations will be formally* presented to the leaders of the *Government's four parties to*morrow. If they are accepted, *M. Tindemans is expected to* withdraw his offer to resign.

Sithole against reopening political issues

By Our Own Correspondent

SALISBURY, June 18.

RHODESIA'S Transitional Government would not exchange the internal settlement for the Anglo-American plan for all-party talks, the Rev Ndabaningi Sithole said in an interview published here today.

Mr. Sithole, who is a member of the four-man Executive Council, was commenting on the suggestion by Dr. David Owen, the British Foreign Secretary, that an all-party conference including the Patriotic Front guerrilla alliance, could take place next month.

Mr. Sithole said the council was not prepared to set aside the settlement to accommodate Mr. Joshua Nkomo and Mr. Robert Mugabe, the externally-based leaders of the Patriotic Front.

"As far as we are concerned, the political problems have been resolved. We still cannot see that any good purpose can be served by the talks, if these are intended to reopen issues that have already been resolved by the Salisbury agreement."

The Rhodesian military command reported the death of nine black civilians, including a tribal chief, through guerrilla action. Six guerrillas and one "collaborator" were killed. An elderly white couple were killed on their farm, 55 miles from Bulawayo, by guerrillas who also killed a black employee and burned buildings.

Left-wing leader held during Peruvian voting

By Hugh O'Shaughnessy

LIMA, June 18.

A SHADOW was cast over national elections today when General Leonidas Rodriguez, an important figure of the Peruvian left, was arrested as he was leaving a polling station this morning after voting for the planned constituent assembly.

General Rodriguez, leader of the Revolutionary Party (PSR), and formerly a close collaborator in the radical Government of the late General Juan Velasco, has been in hiding since his deportation was ordered last month by the Government of General Francisco Morales Bermudez.

The PSR says that the arrest of General Rodriguez, who is expected to be deported soon, has demonstrated the defective nature of today's poll.

General Morales has called the elections for a 100-man constituent assembly which would prepare a new constitution and the hand-over of power to a civilian Government in general elections to be held in 1980.

With the Peruvian economy passing through a severe crisis and the International Monetary Fund likely to demand very severe deflationary policies in negotiations due to start next month, it is widely believed in economic circles here that the opening towards democratic government will be difficult if not impossible.

It is widely expected that the programme for a return to civilian rule by 1980 is unlikely to be fulfilled.

Franjieh ultimatum to Phalange

BY IHSAN HIJAZI

BEIRUT, June 18.

MR. SULEIMAN FRANJIEH, the former President of Lebanon, still mourning the death of his eldest son Tony at the hands of rival Christian militias, has served an ultimatum on members of the Phalange Party in northern Lebanon to quit the party or leave the area altogether, and thereby increased the chances of *further clashes.*

He set the end of this month *as the final deadline for them* to make up their minds, promis*ing that no harm would come* to them before then. So Mr. Franjieh's warning was read out today at church services in villages and towns in the north.

Mr. Tony Franjieh, his wife and their baby daughter were killed along with 30 others in an attack by militias of the Phalange Party against the town of Ihden, about 80 miles north-east of here last Wednesday.

The former President served the ultimatum on Saturday when representatives *and priests* from 54 villages in the north called on him at his hometown of Zghorta, not far from Ihden, to extend their condolences.

In his angry remarks, which were *on the front page of most* newspapers here today, Mr. Franjieh described the Phalange Party as "evil" and a "microbe *which is seeking to sow discord*" among the people of the north.

The *ultimatum* was interpreted by observers as indicating that *the hunt for the Phalangists* in the north will begin when the deadline expires.

As many as 50 people, all Christians, have been killed already in vendetta attacks in the wake of Tony Franjieh's murder. Several hundred people have fled their villages and have taken refuge at the mountain resort of Miryatah where Mr. Rashid Karami, a former Prime Minister, who recently reached a reconciliation with the former President, has his summer residence.

They called on Mr. Karami, a prominent Moslem leader, to *intercede with Mr. Franjieh on* their behalf.

The Franjiehs and the majority of the Phalange Party members belong to the Maronite community, the largest Christian denomination in Lebanon.

Reuter adds: About 700 men belong to mainly-christian *militias in south Lebanon have* said they will shoot any members of the UN force who attempt to take over positions evacuated by Israeli troops last week.

A UN spokesman said he was confident that the UN force could overcome the problem without resorting to arms.

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Major U.S. nickel and chrome mining to go ahead

BY ANTHONY POLSKY

NI-CAL Development of Vancouver has virtually completed major acquisitions of *mining* claims along the Oregon-California border which will *allow* the almost *immediate* development of large nickel, chrome and cobalt *deposits.* Mr. William Carter, the president, said yesterday.

Development could significantly redress U.S. *dependence* on imports of these minerals, which last year cost *about $1bn.*

All the claims of Inter-American Nickel a *private* company backed by Canadian financial interests, have *almost* been acquired. These holdings have lateritic ore reserves estimated at between 100m and 200m tons, containing 1 *per cent* nickel, 2 per cent chrome, and between 1.6 and 4.0 lbs of cobalt per ton.

Ni-Cal has claims in the *same* area and Mr. Carter said his company had acquired essentially all the mining rights to one of the largest *lateritic nickel* deposits in the world. He added that the deposits had been *mined* in World War II by the U.S. Government.

Documents of intent have been signed by Mr. Carter and Mr. Jack White, the president of Inter-American. The transaction, involving the transfer of 270,000 Ni-Cal shares to Inter-American, will be completed by the first week of July.

Upgrading earlier projections, Mr. Carter said Ni-Cal was prepared to build possibly three, not two, metallurgical plants, each of which would be capable of processing 5,000 tons of ore a day. The cost of each plant would be between $80m and $100m.

He made an initial estimate that the ore body could yield 32m lbs of nickel and 2.5m lbs of cobalt annually. He calculated that reserves are sufficient to keep three plants working profit*ably for more than 20 years.*

Construction could start late next year or in 1980 at a site near Crescent City. Ni-Cal has already had negotiations with interested Federal and State regulatory agencies.

Pay deal at Daily News

BY STEWART FLEMING

NEW YORK, June 18.

THE THREAT of a city-wide newspaper strike eased yesterday when members of the Newspaper Guild of New York, representing *craft* workers as well as some office staff, reached a new contract agreement with The New York Daily News, the U.S. paper with the largest circulation in the country.

The agreement ended a five-day strike at the News which at times had given way to violence. It is expected to set a pattern for agreements involving eight other unions at the News, The New York Times and Mr. Rupert Murdoch's New York Post.

The Times and the Post had issued new work rules in support of the News when the strike began. The agreement that has been reached is expected to provide for an average wage increase of 5 per cent a year through the three-year contract. Larger increases are likely to go to guild members who are reporters, photographers and editors.

Negotiations will continue at the other newspapers and the News *agreement* provides that any gains made by the union in these talks *will* be given to Daily News employees. Similarly any concessions by the union will be ceded to the Daily News management.

WORLD TRADE NEWS

Australia hopes to raise iron ore exports to China

BY JOHN HOFFMANN

PEKING, June 18.

THE LIKELIHOOD of significant new sales of Australian iron ore to China is very strong, according to Australian officials in Peking. The forecast was made on the eve of the arrival of an Australian Government sponsored iron and steel mission for a three-week visit.

Members of the mission, due in Peking late tonight, represent most of Australia's major iron ore miners and steel producers.

High hopes for further iron and steel sales to China emerged several weeks ago during a visit by the Australian Minister for Industry and Commerce, Mr. Lynch.

He was assured in talks with metallurgical and trade officials that China would need greater quantities of imported iron ore to support its plan to increase annual steel production from 25m tonnes to 60m tonnes by 1985.

In the 1977 calendar year Australia sold to China about 3m tonnes of ore worth more than $30m. The Australian Minister for Trade and Resources told Parliament recently that this figure was expected to be 4m tonnes in 1978.

In Peking this weekend the Australian Ambassador, Mr. C. G. Woodard, said Chinese imports of iron, steel and ore were already at their highest levels.

Australia will be in a secure position to press for further orders for iron and finished steel as well as iron ore. China is building ten new steel plants as part of its modernisation and industrialisation programme, but its demand for finished and special steels will lag behind production for some years.

Already Australia counts as one of China's most important sources of iron ore. China has vast resources of its own but of a low grade, but high-grade Australian ore, with its iron content of about 60 per cent, has been mixed with local ore to upgrade it.

The proportion of Australian ore going into the furnaces is believed to be between 10 and 20 per cent. These figures suggest a potential demand for at least 10m tonnes a year of high-grade imported ore when China reaches its annual production goal of 60m tonnes.

Greece seeks Arab investment

BY OUR OWN CORRESPONDENT

ATHENS, June 18.

MORE than 100 leading Arab bankers and investors, lawyers and economists are expected to participate in the first Greek-Arab investment meeting (GAIM) to be held in Athens next week.

The purpose of the meeting, which is under the auspices of Mr. Constantine Mitsotakis, the Greek Minister of Co-ordination, is to explain to Arab participants the opportunities that Greece offers to Arab investors in the various sectors of the Greek economy and also to point out the favourable investment conditions and incentives available.

Prof. Ioannis Georgakis, Greek Ambassador at large for the Arab countries and chairman of the Hellenic Chamber for Development and Economic Co-operation with the Arab Countries (CDC) which is organising the meeting, said that economic profiles of about 70 specific investment projects in Greece will be presented to the Arab participants.

These projects represented investments totalling some $2bn. They include several projects by Government-controlled agencies such as the $640m petrochemicals complex planned by the Hellenic Industrial and Mining Investment Company.

Professor Georgakis said the largest number of the projects were in industry, including alumina and asbestos plants, but there were also some interesting projects in tourism, agriculture (in the processing of fruits and vegetables) as well as in shipping.

Mr. Walter Buchholz, director general of the CDC, said the organisers' aim was to act as matchmaker between Greek companies seeking Arab capital either through equity participation or through loans and potential Arab investors participating in the meeting.

Mr. Buchholz said the Arab participants who have confirmed they will attend the GAIM come from all of the major oil-producing Arab countries and particularly from Saudi Arabia, Kuwait, Bahrain and Egypt. There were also participants from the United Arab Emirates, Jordan, Syria, Lebanon, Oman and Libya.

Fraser gets support in SE Asia

By Wong Sulong

KUALA LUMPUR, June 18.

AUSTRALIA'S PRIME Minister, Mr. Malcolm Fraser, who has been visiting the U.S. and Europe for the past two weeks pressing for a better deal for Australia in the current Multinational Trade Negotiations in Geneva, today won the support of Malaysia and Singapore.

Mr. Fraser and Singapore's Prime Minister Mr. Lee Kuan Yew flew into Kuala Lumpur today and held three hours of talks with their Malaysian counter-part, Datuk Hussein Onn, mainly on the state of international economic negotiations

The three premiers, at a joint news conference, said they had agreed to hold close consultations and adopt a common approach at the MTN talks.

Morocco to cut imports

By Our Own Correspondent

RABAT, June 18

THE DECISION by King Hassan of Morocco taken early this month to slash imports by 20 per cent in the next three years, takes effect tomorrow when restrictions are imposed on the import of some 500 products half of which will be simply banned.

Prohibited imports now include a variety of foodstuffs, confectionery, household appliances, clothing, papers, cars, motorcycles and cycles. Many of these items are made or assembled in Morocco. Others (notably foods) are considered luxuries.

● The Export Credits Guarantee Department has agreed to guarantee the repayment and funding of a $15m line of credit to be made available by Samuel Montagu, acting on its own behalf and for Lloyds Bank International and Lazard Brothers, to Banque Marocaine du Commerce Exterieur of Morocco (BMCE).

DUTCH CONTRACTORS

Looking beyond the Middle East

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH CONSTRUCTION companies have started to look beyond the Middle East for new market opportunities. Many major building contracts still have several years to run to completion and the largest one yet, worth about Fl 10bn ($4.5bn) for a university complex at Riyadh in Saudi Arabia, has still to be awarded. But after only a few years of hectic activity as the oil states spent their newly acquired wealth, the Dutch have begun to search for new opportunities.

These lie in the development of new geographical areas and equipment and techniques to handle new tasks. Deep sea mining and dredging will be one of the growth areas of the next 10 years if the investment activities of Holland's building companies are anything to go by.

The Middle East boom years were a period of strong growth for companies such as Hollandsche Beton, whose turnover rose from Fl 1bn ($450m) to Fl 2.44bn ($1.1bn) in the five years to 1977, while Stevin recorded an increase from Fl 891m to Fl 1.79bn. By 1977 these two companies were achieving about 60 per cent of turnover outside Holland, much of it in the countries around the Gulf. Bos Kalis Westminster made 70 per cent of its turnover abroad.

The value of individual orders increased. A Fl 1bn order to dredge an industrial harbour at Jubail was won by Stevin, Bos Kalis and Zanen Verstoep. This was topped by a Fl 1.4bn order placed with Ogem for 32 tower blocks at Dammam, Saudi Arabia, while Ballast-Nedam broke all records with a Fl 4.7bn order for a number of townships in Saudi Arabia.

Isolated large orders may still be won but the boom period is clearly over and governments are seeking an increasing share of local participation. With the notable exception of Saudi Arabia and the United Arab Emirates many Middle East countries have been forced to put a brake on spending. Competition from countries such as South Korea, Taiwan, Greece, and Jugoslavia has reduced margins. Executives of the Dutch construction companies admit they cannot compete with the prices quoted by many of these countries whose workers are often prepared to accept semi-military discipline in their work camps. Dutch employees have higher than average expectations when it comes to home leave and salaries.

The Dutch contractors are, therefore, resigned to seeing the less complex projects go to the less sophisticated companies often from newly developing countries. Where managerial skills, technology and the logistics are more demanding, however, the Dutch feel they still have a big role to play. Ogem, which unlike the other Dutch contractors is primarily a trading group, with only 14 per cent of its 1977 turnover of Fl 3.5bn coming from its building activities, cites the Dammam order as a case in point. In what the company describes as the largest operation of its kind since D-Day, it has arranged the shipment of 640,000 tonnes of concrete elements from Europe to the Middle East.

Seven specially modified bulk carriers are engaged in a constant shuttle over 18 months to get the components to the building site to meet the tight construction schedule. Contracts like this not only require the shipment of bulk items—Ogem also has to watch over the details and ensure there are pencils in the desks.

Stevin also wants to extend its role in projects of this kind and hopes to be involved from the design stage through to the management of the completed contract instead of simply being called in to carry out the engineering work.

Ogem sees projects like this as the export of management know-how. Part of the attractiveness of Dutch contractors to Middle East customers is their ability to arrange the back-up services needed to carry out these projects. Ogem has its own transport division but turned to the largest Dutch shipping line, Nedlloyd, to arrange the transport of many components to Rotterdam by road and barge and then to Dammam by sea-going vessel. Shortly after signing its Fl 4.7bn contract to construct townships in Saudi Arabia, Ballast-Nedam appointed the shipping company PHS Van Ommeren as forwarding agent to handle its transport problems.

Adriaan Volker, a sizeable contractor which until recently was a non-quoted company, announced earlier this month that it is studying the possible integration of some of its activities with another Dutch company, HVA. HVA has interests in consultancy, management, engineering and contracting in the agro-industrial sector.

Stevin hopes to find more work in North and South America now that the Middle East boom is past its peak. Despite the potential market in the U.S., Dutch contractors feel they have been unfairly excluded by restrictions placed on the activities of foreign companies. They have responded by going into joint ventures with U.S. companies. Bos Kalis has taken 25 per cent stake, the maximum allowed by the U.S., in a joint venture, called Zapata Westminster Dredging Inc. with Zapata Corporation. It hopes to build a fleet of dredging vessels it can use in U.S. waters. Ballast-Nedam has a 25 per cent stake in the North American Trailing Company. Ballast is also building up its operations in selected African countries such as Egypt and Nigeria and in South America. Adriaan Volker has also turned to the U.S. and has a 25 per cent stake in Eagle Dredging, together with the U.S. Dredging Company C. F. Bean.

The development of new equipment opens up new markets for the contractors. Their favourable level of profits mean financing is not a major problem. Stevin recently placed an order for a semi-submersible self-elevating cutter-dredger which will cost Fls 200m. It will be built at a Dutch yard and is due for delivery in September 1979. Stevin sees this as the first of a new generation of sea-going dredgers which can work in wave heights of 3 to 4 metres.

The eight-legged dredger can reach to depths of 32 metres and will be able to tackle hard soil conditions. Its applications are in sea-mining, pipe-line trench making and harbour excavation on inaccessible coasts. Adriaan Volker, too has high hopes of a new technique which it has developed for covering pipelines on the sea-bed.

Bos Kalis is a partner in a combined venture with Lockheed Missiles and Space, Amoco Minerals and the Royal Dutch Shell subsidiary Billiton International Metals, to mine manganese nodules in the Pacific. Ocean Minerals expects to start deep-sea mining in an area between the Bay of California and Hawaii in the mid-1980s.

Despite the fact that much of present day Holland owes its existence to the precursors of these construction groups, opportunities at home remain limited. The slow-down in population growth and increased concern for the environment have led to shelving of several ambitious land-reclamation plans so the Dutch will probably remain a permanent feature on the international contracting scene.

DUTCH CONSTRUCTION GROUPS IN 1977 (Guilders)

Group	Turnover (bn)	Net profit (m)	Order book (bn)
Hollandsche Beton Group	2.44	48.6	3.4
Stevin Groep	1.79	31.3	2.2
Bos Kalis Westminster	1.32	44.9	2.5
Ballast-Nedam	1.21	17.6	5.5
Adriaan Volker	1.01	40.1	1.5

Contracts

DJB Engineering has received an order worth $2.8m. for 12 D550 articulated dump trucks. The order has been placed by one of DJB's Texas dealers Mustang Tractor and Equipment Company, Houston, which has sold the trucks to Brown and Root in the U.S. The D550s which have a capacity of 55 tons are for use on a major construction project.

CAE Electronics Ltd. a unit of CAE Industries of Toronto said KLM Royal Dutch Airlines had ordered two aircraft flight simulators valued at about $9m.

Johnson Matthey Metals has received an order for five hydrogen generators for the Royal Dutch Army. The equipment will be similar to that supplied to the British Army in 1977 and delivery should be completed within 12 months. The trailer-borne G4M systems produce ultra-pure hydrogen on-site for the inflation of balloons used with artillery meteorological systems.

Italconsult of Italy has received a contract for projecting and managing construction of a 110-km long highway section between Al Mafraq and Tarif, in Saudi Arabia. Italconsult, a construction group subsidiary of Montedison, said the project involved the first section of a longer highway reaching the industrial area of Ruwais.

ICI will produce and market systems for rigid and flexible polyurethanes in Yugoslavia through PUR Systems, a joint venture created by ICI, Sodaso, a major Yugoslavian chemical manufacturer located in Bosnia-Hercogovina, and Inter-Exports, ICI's selling agent in Yugoslavia. Production capacity is 7,000 tonnes per annum.

An order worth some £100,000 has been won by the chain hoist division of **Herbert Morris** from the Turkey Electricity Authority for several hundred lever and hand-operated chain hoists of up to 10 tons capacity. These are required for erection and maintenance duties on power lines and power stations throughout the country.

World Economic Indicators

TRADE STATISTICS

		May '78	April '78	March '78	May '77
UK £bn.	Exports	2.877	3.000	2.829	2.616
	Imports	3.046	2.777	3.108	2.860
	Balance	−0.169	+0.223	−0.279	−0.244
		April '78	March '78	Feb. '78	April '77
U.S. $bn.	Exports	11.600	10.900	9.922	9.970
	Imports	14.500	13.700	14.439	12.593
	Balance	−2.900	−2.800	−4.517	−2.623
France Frsbn.	Exports	29.426	31.133	28.611	26.596
	Imports	28.734	29.941	28.547	27.462
	Balance	+0.692	+1.192	+0.064	−0.866
W. Germany Dmbn.	Exports	23.9	24.6	21.4	21.9
	Imports	20.6	20.4	18.7	18.9
	Balance	+3.3	+4.2	+2.7	+3.0
Italy Lire bn.	Exports	3.824	3.502	3.051	3.146
	Imports	3.813	3.702	3.133	3.646
	Balance	+0.011	−0.200	−0.082	−0.500
		March '78	Feb. '78	Jan. '78	March '77
Holland Fls.bn.	Exports	9.423	8.662	9.317	9.610
	Imports	9.558	8.886	9.365	10.111
	Balance	−0.135	−0.224	−0.048	−0.501
		Feb. '78	Jan. '78	Dec. '77	Feb. '77
Japan $bn.	Exports	7.260	5.580	8.449	5.773
	Imports	4.930	5.205	5.774	4.738
	Balance	+2.330	+0.375	+2.675	+1.035
		Jan. '78	Dec. '77	Nov. '77	Jan. '77
Belgium B.Frs.bn.	Exports	111.545	120.476	107.778	99.689
	Imports	118.210	117.995	120.257	111.788
	Balance	−6.665	+2.481	−12.479	−12.099

SHIPPING REPORT

Japan may soon use tankers for storage

By Lynton McLain, Industrial Staff

AGREEMENT WAS almost reached last week between the Japanese Congress and tanker owners on the use of super-tankers for storage.

The move is designed to remove excess capacity from Japanese oil tanker fleets in an attempt to improve cargo rates for owners.

Tanker owners are to be asked to tender in the early part of July, with the first 10 very large crude carriers lifting their cargoes in September. The following 10 suggested in the proposals for storage may then enter storage in October. Hire for storage would be at a rate of Y400 per deadweight ton.

In the Gulf, 47.5m dwt tons are now idle or expected to be decommissioned. Brokers said last week the figure was now approaching a record high.

The volume of tanker tonnage heading for the scrapyards slowed last week, as a result of the bottleneck in yards in Taiwan, where vessels were queueing-up to enter harbour. Scrap prices have declined and brokers are not optimistic of an early solution to the bottleneck

Rates for oil tankers chartered from the Gulf remained unchanged last week. Worldscale 16.75 was the best that was reported for ultra large crude carriers and Worldscale 20 for VLCCs. The use of smaller ships has not materially altered with 110,000-ton cargoes moving to Quebec at Worldscale 40.

Dubai has been the only market to hold up with cargoes covered for Eastern and Western destinations. A 110,000-ton vessel was fixed at Worldscale 42½ for a voyage to the West, and a 52,000-ton cargo was moved to Japan at Worldscale 57½

Inquiries from the Mediterranean were slightly more abundant. Ships did not find it too difficult to obtain cargoes last week. The main destination was the U.S. Cargoes for West African loadings have been scarce, with few fixtures reported

Most of the U.S. bound cargo charters came from New York. Galbraith Wrightson, London brokers, said that conditions on the London market picked-up on Friday, but there was no hope that the conditions would continue an upward recovery in charter rates.

On the sale and purchase markets, prices for bulk carriers hardened towards the end of last week. The best example quoted by London brokers was the reported sale of the British flag bulk carrier, "Cunard Champion," 24,646 dwt, built in 1973. This was sold for US$4.4m, compared with the price for a sister ship last month of $4.1m.

On the dry cargo market, rates have eased, although not across all vessel sizes. In the Atlantic, a 60,000 cargo of grain was fixed fixed for a voyage from the Gulf to Europe at $6.75, 75c down from peak levels. Rates were slightly better in the Far East.

Cranes for Taiwan

Contracts valued at $6m for manufacture and erection of four dockside container handling cranes have been won by Canron of Montreal, Robert Gibbens reports. The cranes are destined for Kaohsiung, Taiwan's largest port, and will replace others destroyed in a typhoon last year. The contracts are due for completion this year.

COMPANY NOTICES

MULTI-TRUST FUND S.A.

Société Anonyme
Luxembourg, 37 rue Notre-Dame
R.C. Luxembourg n° B8475

Notice is hereby given that the

Annual General Meeting

of the Company will be held at the offices of the Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg-Ville, on Tuesday 4 July 1978 at 3.00 p.m.

Agenda

1. Receipt of the reports of the Board of Directors and of the Statutory Auditors.
2. Approval of the Balance Sheet and Profit and Loss statement as at March 31st, 1978.
3. Payment of a dividend.
4. To transfer to legal reserve the amount required by law.
5. Discharge of Directors and of the Statutory Auditors.
6. Receipt of and action on nomination for election of Directors and the Statutory Auditors.
7. Any other business.

A Member entitled to attend and vote at the above Meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a Member of the Company.

By order of the Board of Directors

ORBISA S.A.

Société Anonyme
Headoffice: Luxembourg, 37 rue Notre-Dame
Trade Register: Luxembourg n° B7115

Notice of Meeting

Messrs. Shareholders are hereby convened to attend the Statutory General Meeting which is going to be held on June 30th, 1978 at 15.00 o'clock at the head-office, with the following agenda:

Agenda

1. Submission of the reports of the Board of Directors and of the Statutory Auditor.
2. Approval of the balance sheet, the profit and loss statement and allocation of the results as at March 31st, 1978.
3. Discharge of the Directors and Statutory Auditor.
4. Receipt of and action on nomination for election of the Statutory Auditor for a new statutory term.
5. Miscellaneous.

The Board of Directors

Bank of Ireland Capital Stock

Change from Inscribed to Deed Form

At the Annual General Court of Proprietors held on 6th July, 1977, a resolution was passed amending the Bye-Laws of the Bank to permit the change in form of transfer and registration of Capital Stock from Inscribed to Deed Form and for the issue of Capital Stock Certificates.

The Bank is now implementing this decision and as and from 26th June, 1978 Capital Stock of the Bank will be transferable by ordinary Stock Transfer Form.

Certificates will be issued to all holders of Capital Stock whose names appear on the Register at close of business on the 23rd June, 1978. These Certificates will be posted to Stockholders within four weeks of that date.

Any enquiries about the new procedure may be directed to the Registration Manager, Bank of Ireland, 34 College Green, Dublin 2.

J. F. M. Rudd.
Secretary

UNILEVER N.V.

7% AND 6% PREFERENCE SUB-SHARES [illegible] NEDERLANDSCH [illegible] TRUSTKANTOOR

[illegible] of 3.5% (Fl. 0.42) [illegible] 3 July 1978 [illegible] Midland Bank Limited, New Issue Department, Mariner House, Pepys Street, London EC3N 4DA. Northern Bank Limited, 2, Waring Street, Belfast BT1 2EE. Allied Irish Banks Limited, Securities Department, [illegible] Foster Place, Dublin 2. Clydesdale Bank Limited, 30 St. Vincent Place, Glasgow [illegible] 29 June 1978 [illegible]

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR
London Agents, Unilever House, Blackfriars, London EC4P 4BQ.

7% PREFERENCE DUTCH CERTIFICATES OF FL. 1,000 AND FL. 100

The dividend will be paid on and after 3 July, 1978, against surrender of Coupon No. 94. Coupons may be encashed through Midland Bank Limited at the above address or through one of the paying agents in the Netherlands. Coupons encashed through Midland Bank Limited [illegible] 19 June 1978

Notice to Holders of European Depositary Receipts (EDR's) in MITSUI & CO. LTD., TOKYO

THE GENERAL MEETING of shareholders of Mitsui & Co. Ltd., will be held on JUNE 29, 1978.

AGENDA

1) Approval of the Financial Statements and the proposed appropriation of profit for the 59th Business Term from April 1 1977 to March 31 1978.
2) Election of 19 Directors.
3) Election of 1 Auditor.
[illegible]

Citibank, N.A.
June 19 1978.

STANLEY ELECTRIC CO. LTD.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDRs") EVIDENCING SHARES OF COMMON STOCK OF THE ABOVE-NAMED COMPANY

THE CHASE MANHATTAN BANK, N.A. as Depositary hereby gives notice [illegible] Ordinary General Meeting of Shareholders will be held at 10.00 a.m. [illegible] June 28th, 1978 at [illegible] Tokyo, Japan.

[illegible]

Any EDR holder who wishes to instruct the Depositary as to the exercise of its Voting Rights through the Depositary in respect of Item (ii) of the Agenda should comply with the instructions contained within Condition 12 of the EDRs by not later than June 23rd, 1978. In this case it will not be necessary to lodge the relative EDRs or any coupon attached thereto.

THE CHASE MANHATTAN BANK, NA
London, as Depositary

REPUBLIC OF ECUADOR OUTSTANDING EXTERNAL DEBT

GUAYAQUIL & QUITO RAILWAY 5% (formerly 5% & 6%) DOLLAR BONDS REPUBLIC OF ECUADOR 2½%, (Formerly 4%) CONSOLIDATED COUPON BONDS

Offers by the Government of the Republic of Ecuador in respect of the above bonds were published on their behalf by the Council of Foreign Bondholders in the Financial Times of 7th June, 1978.

Bondholders wishing to accept the offers in respect of ASSENTED or UNASSENTED BONDS should apply through an Authorised Depositary who may obtain BOND LODGMENT forms from:

WILLIAMS & GLYN'S BANK LIMITED, International Banking Division, Customer Services Dept., 5-10 Great Tower Street, London EC3R 5DH.

All coupons up to and inclusive of "No. 50" are to be lodged in the normal manner on the appropriate form. Anyone holding "Certificates of Deposit" issued by the Council of Foreign Bondholders should arrange for those certificates to be forwarded to Williams & Glyn's Bank with a Bond Lodgment form.

EUROPEAN DEPOSITARY RECEIPTS REPRESENTING COMMON STOCK OF HONDA MOTOR CO. LTD.

A distribution of $0.195 per Depositary share less any applicable taxes will be payable on and after June 12, 1978 upon presentation of coupon no. 3 at the offices of any of the following Depositaries:

MORGAN GUARANTY TRUST CY OF NEW YORK,
—New York, 15, Broad Street (ADR Section)
—Brussels, 35, avenue des Arts
—London, 33, Lombard Street

Amount payable after deduction of 15% Japanese tax [illegible]

Amount payable after deduction of 20% Japanese tax [illegible]

LEGAL NOTICES

No. 001847 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of NU-PAK PACKAGING MATERIALS CO. LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 9th day of June 1978, presented to the said Court by QUAKER OATS LIMITED, whose registered office is at Southall (Middx) in Greater London, a creditor, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 10th day of July 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

I. E. BARING & CO.,
[illegible] Chancery Lane,
London, WC2A 1AS.
Ref: JAH.
Solicitors for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 7th day of July 1978.

No. 001849 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of FERROCK LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 1st day of June 1978, presented to the said Court by TRICOTAGE INDUSTRIEL MODERNE, whose registered office is situate at 9, Rue de la Paix, 75002 Paris, France, a Company incorporated under the laws of France, Clothing Manufacturers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 3rd day of July 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

CAMPBELL HOOPER & AUSTIN WRIGHT,
15, Jermyn Street,
London, SW1Y 6LT.
Ref: [illegible]
Tel: 01-[illegible]
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 30th day of June 1978.

PLANT AND MACHINERY

PERSONAL

HELP SAVE OUR EX-SERVICEMEN FROM FURTHER SUFFERING

Wars right up until Northern Ireland today mean that hundreds of thousands of war victims still exist. Ex-servicemen, widows, orphans desperately need homes, jobs, food, fuel and other essentials the annual Poppy Appeal alone cannot possibly pay for. Please send donations to

The Royal British Legion,
Maidstone, Kent, ME20 7NX

MOTOR CARS

ART GALLERIES

BROTHERTON GALLERY — WATER-COLOUR SKETCHES BY CHARLES ROWBOTHAM (1853-1921). Until 30th June. Mon.-Fri. 9.30-5.30. Weds 7. Sats. 12.30. 77 Walton Street, S.W.3. 589 6848.

AGNEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. OLD MASTER PAINTINGS. Until 28 July. Mon.-Fri. 9.30-5.30. Thurs. until 7.

BROWSE & DARBY, 19, Cork St., W.1. FORAIN. Mon.-Fri. 10.00-5.30. Sat 10.00-12.30.

DAVID CARRITT LIMITED, 15 Duke St., St. James's, S.W.1. 18TH CENTURY FRENCH PAINTINGS, DRAWINGS AND SCULPTURE. Until 7 July. Mon.-Fri. 10-5.

EXHIBITIONS

GROSVENOR HOUSE ANTIQUES FAIR, Park Lane, W1. Until 24 June 11.00 am to 7.30 pm. Admission £1.50 including illustrated handbook.

CLUBS

EVE, 189, Regent Street, 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69 Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW THE GREAT BRITISH STRIP Show at Midnight and 1 a.m. Mon.-Fri. Closed Saturdays. 01-437 6455.

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HOME NEWS

Top component groups earn 8% profit margin

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE TOP TEN UK motor component groups earned an average profit margin on sales of 8.2 per cent in their past financial year, according to a new survey.

The study, prepared by the Jordans research organisation, shows that the ten, which are all public, quoted concerns, earned better profits on average than the leading private component manufacturers. These had an average margin of 6.7 per cent.

They also did far better than a number of leading foreign-controlled organisations, most of them owned by U.S.-based groups.

According to the Jordans figures, the top ten in this group earned a margin of only 0.7 per cent, on sales.

The poor performances of the foreign-based companies may be partly explained by the preponderance of tyre manufacturers in the sample. Tyre producers have been going through a particularly tough patch in the last two years, many of them slipping into deficit.

Michelin, the French group, has proved a striking exception to this rule, however, making a margin of 11.6 per cent on sales in the year to the end of 1976.

Jordans rates Michelin's performance, which embraces a jump in profits from £3m to £34m in three years, as "exceptional" and comments: "Through its fast profit and sales growth it has now established itself as the leading foreign-owned component company in the UK."

Cummins, another foreign-based concern, manufacturing diesel engines, also has a sound record. In 1976 it earned profits of £8.3m at a margin on sales of 11.8 per cent.

By contrast, General Motors reported profits of only £3.8m and a margin of 2.7 per cent.

Jordans says, however, that the figures of foreign-owned subsidiaries have less validity than those of UK-quoted companies.

The parent company might be levying hidden management charges or siphoning off profits through its prices on supplies. Imports from the parent company might also be affected by foreign exchange fluctuations.

The best performer among the public companies was Renold, the chain manufacturer, which had profits of £14m and a return of 12.2 per cent.

Next was Associated Engineering, the precision engine parts producer, with profits of £32m.

Among the larger private producers, Cannon Rubber had the best results, with profits of £1.2m and a return of 12.1 per cent on a turnover of £9.6m, covering a 17-month trading period.

Vauxhall increases

VAUXHALL has become the second of the big four U.K. car manufacturers to announce a mid-year price increase, with a 3.7 per cent rise effective from today.

It follows Ford, which raised its prices by 3.8 per cent at the beginning of the month, writes Terry Dodsworth.

Both companies last put up their prices at the turn of the year and are therefore falling into line with the declared policy of the industry to try to keep increases to twice-yearly intervals.

Their decision will clearly put pressure on Leyland and Chrysler to announce similar increases.

The manufacturers have been responding to quiet political pressure, first exerted last autumn, to moderate prices.

Until then, the car price index had been rising more rapidly than the general index for consumer goods, and there was a possibility of an investigation by the Price Commission.

The judgment of the manufacturers is that the new round of rises will be moderate enough to have no harmful impact on the present strong rate of sales growth. Ford, in particular, has long waiting lists in any case.

Examples of the New Vauxhall prices are: Chevette E two-door saloon £2,341 (old price £2,252); Chevette GL hatchback £2,758 (£2,652); Viva 1300 GLS four-door saloon £3,123 (£2,975); Cavalier 1600 L two-door saloon £3,154 (£3,058); VX 2300 GLS £5,038 (£4,792).

New assembly track for Rover engine

LEYLAND CARS has completed one of the key elements in its plan to expand production of the Land-Rover and Range Rover with the introduction of a new assembly track for the Rover V8 engine, writes Terry Dodsworth.

Capacity on the new line, built at the Acocks Green plant, headquarters of the Rover engine and transmission group, will be about 110,000 units a year on a double shift basis. This is about twice the capability of the old line.

Leyland has injected £3m worth of new investment into Acocks Green for the expansion, which will give Rover a well-proven engine for both its car and four-wheel drive ranges.

In particular, this will allow output of the Range Rover, powered only by the V8 at present, to be expanded to meet the high rate of demand.

Improvement in engine output will now be followed by further investment in the assembly lines at Rover's Solihull plant.

Total output of Land-Rovers and Range Rovers is now running at about 50,000 units a year, but the group intends to increase this to more than 100,000 vehicles in the next few years.

Datsun car prices rise 5% today

Financial Times Reporter

DATSUN CAR prices will go up by an average of 5 per cent today, although stocks of vehicles already in dealers' showrooms will be sold at existing prices.

The increases come after the hardening of the yen against sterling in recent months, which has increased importers' prices.

Examples of new prices are: Cherry F11 100A two-door saloon £2,190 (up £103); Sunny 120Y four-door saloon £2,584 (up £102); Bluebird 180B estate £3,497 (up £164); Laurel Six saloon £4,347 (up £246).

Singer to disclose streamlining plan for Clydebank

BY CHRISTOPHER DUNN

SENIOR OFFICIALS at Singer, the U.S. manufacturing multinational, are to have talks in London on Wednesday with Mr. Bruce Millan, Secretary for Scotland, on the future of the company's Clydebank sewing machine factory in Scotland.

Proposals will be put to the Clydebank workforce of 4,800 next Thursday.

Singer has spent the last six months drawing up a comprehensive survey of its future manufacturing requirements across the world, to combat the threat from the Japanese.

"Clydebank's role in our plans is now clear," said Mr. Larry Mihlon, a senior executive at Singer, in New York.

In April, the company said the survey could throw up a number of options for Clydebank, which accounts now for about a fifth of Singer's total unit sales.

Last November Singer called for cuts in the workforce of a fifth, or more than 1,000 jobs, to improve productivity.

So far about 500 jobs have been cut in the Clydebank industrial sewing machine section, mainly through natural wastage, said Mr. Mihlon.

Mr. Gregor McKenzie, Minister at the Scottish Office, and Mr. Tom McNally, representing the Prime Minister, will also be at the London meeting with Singer.

French hovercraft test postponed

FINANCIAL TIMES REPORTER

THE FRENCH national railway authority has called-off the first test passenger flight of the Sedam N500 hovercraft planned for today.

British Rail said yesterday on behalf of the Société Nationale des Chemins de Fer that "administrative difficulties" had delayed commercial certification until June 21.

Sedam has suffered a series of mishaps with its N500 craft, the first French hovercraft designed for cross-Channel service.

In May last year the first of two craft was destroyed in a shipyard fire. The second craft was due to enter service between Dover and Calais/Boulogne, in March but was reported to be still on trial in April when its bow was damaged after hitting waves 10 feet high.

It has since been repaired and the craft was to enter service on July 5, the day after British Rail's new purpose-built West terminal opens at Dover.

Earlier, there had been disruptions to the N500 training programme. The French pilots were reported to have been less than confident about flying the big craft into the existing eastern docks at Dover.

Dock board to consider voluntary redundancies

LIVERPOOL'S Dock Labour Board is to study today 315 voluntary redundancies at the port, after approval of a National Dock Labour Board application on Friday.

Dock workers with 25 years' service could get up to £7,250 in severance pay. Most of the redundancies will be among Mersey Docks and Harbour Company employees.

The work force cut is due to the decline in world shipping and consequent over-manning at the docks.

Last year, the Mersey Docks and Harbour Company provided £1.4m in fall-back pay to men sent home because of lack of work.

HOME CONTRACTS

Five-span viaduct ordered

THE SECRETARY of State for Wales has accepted a £4.6m tender from BALFOUR BEATTY CONSTRUCTION to build the M4 Ogmore Valley viaduct in Mid-Glamorgan, South Wales. The five-span viaduct is part of the Pencoed to Stormy Down (Bridgend Northern By-pass) section of the motorway. Work is expected to start shortly and should be completed late in 1980. When work on the viaduct is in progress, construction of the motorway sections to the east and west will also start. Consulting engineers are Freeman Fox and Partners, who will supervise the work.

★

BOC has a 16-year contract with British Steel Corporation for the supply of nitrogen gas to BSC's Gartcosh works, near Glasgow. The contract, valued at about £2.5m, also involves construction by BOC of a £750,000 production plant at Gartcosh. It will be controlled from BOC's production unit at Carfin, near Motherwell, and will produce 60 tonnes of nitrogen a day.

★

An order for more than £1m-worth of protective clothing has been won by the clothing division of REMPLOY. The order comes from CMT Industrial Supplies, part of the Central Manufacturing and Trading Group. It is for donkey jackets, waterproof and foul-weather clothing.

★

With four contracts for the supply and installation of passenger and service elevators, the OTIS ELEVATOR COMPANY has won orders totalling more than £600,000. Orders have been received from Debenhams, Manchester; The Wingate Centre at Aldgate, Houndsditch Warehouses; and Waitrose of Southsea.

★

EDDYSTONE RADIO, a Marconi Communications Systems company, is to make and supply 200 receivers for the Post Office Radio Interference Service. The receivers, a portable single conversion super-heterodyne type covering the frequency range 130 kHz to 32 MHz, can be operated from either mains or batteries.

★

The Ministry of Defence has ordered 26 forklift trucks for use by the Royal Air Force: the cross-country forklift trucks are designed and built by CAMERON-GARDNER and the basic power units are Massey Ferguson industrial tractors fitted with 47 hp Perkins 3.152 diesel engines.

★

BALFOUR KILPATRICK has been awarded a number of contracts to the total value of over [illegible]. The largest is for the electrical and mechanical installation of a new computer building for SSEB, Cathcart, Glasgow, valued at £1.2m.

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HOME NEWS

Business trip to London now £53 a day

IT NOW costs a visiting foreign business executive more than £50 a day to stay in Britain, according to a new survey.

That does not include any provision for expense-account entertaining while he is here, the magazine Business Traveller says. The cost of a good hotel room and bath, "decent" meals, taxi and underground fares, newspapers, laundry and telephone calls mounts up to £53 daily, it says.

Cheaper city

Although this represents a 15 per cent increase in the past eight months, London is still one of Western Europe's less expensive cities for foreign business visitors.

For every £100 the executive spends in London, the survey finds that he would have to spend £135 in Brussels, £113 in Paris, £121 in Amsterdam and £117 in Zurich.

The cost in New York is actually 4 per cent less than in London, while the cheapest European city is Lisbon, £44. The most exepensive in the world is Kuwait at £226.

Receipts of National Savings down £55m

BY ERIC SHORT

NATIONAL SAVINGS investment declined substantially last month, in spite of the continued popularity of National Savings Certificates.

Provisional figures issued by the Department for National Savings show net receipts of £81.8m last month, compared with £137.4m in April.

This brought total net savings—excluding accrued interest—in the current financial year to £219.2m, as against £295.9m in the corresponding period last year.

Net receipts for National Savings Certificates amounted to £47.6m. Although these are lower than April's figure of £58.1m, the investing public was still taking advantage of the continued availability of the 14th issue, yielding 7.55 per cent net. The recent increase to £3,000 in the maximum individual holding takes effect on July 1.

Average monthly sales in the last financial year of National Savings Certificates amounted to about £22m.

The most telling feature in last month's decline in receipts was a strong withdrawal of funds from the National Savings Bank investment account, coupled with smaller amounts being invested.

Overall, there was a small net outflow of £0.1m in May, following more than 12 months of steady positive cash flows into the account.

Sluggish

This changeover probably represents action by certain investors in moving funds out of the National Savings Bank investment account into other sectors of the money market, which, after the recent rise in interest rates, can now offer better returns.

The bank has always reacted sluggishly to interest-rate changes. When interest rates fell, many investors, including some financial institutions, took advantage of this sluggishness and invested in the Savings Bank because its rates were one of the highest then available in the money market.

This month is almost certain to see an acceleration of funds out of the Savings Bank investment account. Stockbrokers Joseph Sebag and other commentators have been making strong recommendations to investors to switch to other money-market sectors.

Overall, National Savings funds, boosted by accrued interest in May amounting to £35.5m, rose to £10.33bn by the end of the month.

Iran orders save Chrysler jobs at Coventry plant

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

CHRYSLER UK has won important new orders from Iran to safeguard jobs at its Stoke engine plant, Coventry.

Iran National, the State-owned motor corporation, requires 12,000 more sets of components for Paykan car, assembled in Iran.

The demand comes after a recent "open day" when Iran National offered to sell the Paykan direct to customers because of complaints about a black market in the cars.

About 75,000 people queued and camped outside the plant, to the west of Terhan, for up to two days. In a single day orders for 60,000 vehicles were received.

Chrysler UK, which supplies engines, gear boxes and other components for the Paykan now has a contract to supply 105,000 units this year.

The car, which holds about 70 per cent of the Iranian market, is to be given a facelift next year to produce a model with longer life.

Chrysler is committed to supply Iran up to the early 1980s in an agreement expected to guarantee jobs at Coventry for many years.

A £25m programme to modernise Iranian facilities and expand capacity to 150,000 units a year is nearing completion.

Skye crofters offered land at 5p an acre

CROFTERS on the Isle of Skye have been offered the chance to buy their land for only 5p an acre. The offer comes from a Dutch landowner who bought the Waternish Estate on the island earlier this year.

Mr. Johannes Hellinga plans to farm two parcels of land on the estate and does not want the trouble of administering the crofts—so he has offered them to his tenants at give-away prices.

Already he has sold about 2,000 acres for only £100—or just 5p an acre—to one of the small townships that make up the estate. A similar offer has been made to the remaining five townships on the Waternish Estate.

Aircraft sprinklers call

A CALL for large passenger aircraft to be fitted with sprinkler systems was made yesterday by Mr. Brian Powell, station officer in charge of the Carlisle fire station.

This would give the aircraft protection at all times, which was important as aircraft fires were hard to fight because of access restrictions.

The system envisaged by Mr. Powell is a small-bore, high-pressure piping ring round all the main decks. It would be fuelled in flight by water from the aicraft's own supply.

New moves on pollution urged

FINANCIAL TIMES REPORTER

A CALL for initiatives on pollution to be left to trade unionists, taking direct action at shop floor level, has been made in a Labour Party report on the environment.

Pollution controls could be backed by using to the full facilities created by recent employment legislation such as the Employment Protection Act and the Health and Safety at Work Act.

The report by the party's environment study group, is due to be presented to the Labour Party conference in October. It accuses some employers of trying to frighten workers into keeping quiet about pollution hazards.

Job losses have been threatened where allegedly expensive anti-pollution equipment had to be installed, it claims.

"The truth is not between jobs or health but between unrestrained profits or reasonable precautions."

The report also calls for public awareness of new areas of pollution, such as car exhausts, to be extended. "We suffer from environmental degradation, both at the workplace and in the home. Chemicals, dust gases, vapours, noise, vibrations, and radiations are no respecters of the family fence."

Industrial pollution "was the unacceptable biology of capitalism" and there should be a stronger role for the Health and Safety Commission.

"This central agency could be given a duty to use the considerable powers which exist to regulate and control many of the sources of pollution." Responsibility was now too fragmented.

Such a body could research into pollution and liaise with local authorities and other statutory undertakings.

"It should also have the power to intervene where existing authorities were unable or unwilling to provide effective action in specific circumstances — with this power possibly being subject to authorisation by a Minister."

Army show billed as biggest

Financial Times Reporter

THE FIVE-DAY British Army Equipment Exhibition, which opens today in Aldershot, has been billed as the largest venture of its kind ever.

Representatives of more than 90 nations, including the Chinese on their first official defence visit, will see over 10,000 exhibits, including Chieftain tanks.

About 250 companies, as well as the UK Government-owned Royal Ordnance Factories, will be at the private exhibition, now held every two years.

The size of the show indicates the scale of Britain's arms sales overseas. Sales have been running at an estimated £1bn or more for the last two years.

Building research 'being hit by cuts'

FINANCIAL TIMES REPORTER

CUTS IN public spending have severely affected Government research into the construction industry, Dr. Roy Rowe, director-general of the Cement and Concrete Association, says.

Many senior experienced researchers in Government laboratories have been lost, mainly through early retirement, says Dr. Rowe in his 1977 annual report. "This is bound to have an impact on the nature and quality of that research and development work for many years to come."

The significance of industry-based research was bound to increase as a result, especially since the high cost of working out energy options in future would put growing pressure on the construction industry.

Energy conservation requirements in building should be more closely linked with the design process.

Building Regulations had adopted a "somewhat irrational attitude" by treating insulation in isolation, rather than as part of the total design process.

The association is a research body finance by the industry.

Put houses on market says survey

By Christopher Dunn

HOME OWNERS are urged to put their houses on the market as soon as they think of moving in a survey of the UK property market by the Royal Institution of Chartered Surveyors.

This would help to reduce the shortage of houses for sale and prevent house prices rising said Mr. John Thomas, president of the Institution.

But prices were beginning to stabilise. New homes showed the biggest price increases.

Many people were carrying out improvements rather than buying another house.

"Ensure that the expenditure results in an increase in the property value of at least the cost of the work," Mr. Thomas said.

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LABOUR NEWS

Gormley faces new Scargill challenge

By Our Sheffield Correspondent

SHEFFIELD, June 18.

LEFT-WING coalfields, led by Yorkshire miners president Mr. Arthur Scargill, will block attempts to raise extra cash for the National Union of Mineworkers if its president Mr. Joe Gormley and his moderate majority on the executive again reject calls for the "democratisation" of the executive.

Mr. Scargill, who has clashed bitterly with Mr. Gormley in recent weeks, yesterday spelt out his ultimatum for the NUM annual conference in Torquay in three weeks.

"If they support our resolution for more democracy we will support their resolution for higher financial contributions to go to the national union," he said.

But if moves to get a more democratic voting system on the NUM national executive were again defeated, Mr. Gormley would have a better chance of "frying snowballs" than getting the extra cash the national union so badly needs.

The Yorkshire call for more democracy will be discussed at the conference before the resolution seeking a 50 per cent increase in weekly contributions. As changes of rule, both will require a two-thirds majority to go through.

Small areas

Yorkshire has the support of South Wales and possibly Scotland and other Left-wing coalfields, so Mr. Scargill could be able to stop the necessary majority being achieved.

Yorkshire's conference resolution says that if a show of hands vote on the executive is challenged, there should be a card vote, based on the size of the areas.

Mr. Scargill, who has been backed on this issue by Mr. Mick McGahey, of the Scottish miners, objects to small areas such as North Wales or Cumberland having one vote on the NEC, even if they have fewer than 1,000 members, while Yorkshire with 66,000 members has only three votes.

Such a rule change would immediately guarantee a Left-wing majority on the executive.

Make more jobs, governments told by unions

BY CHRISTIAN TYLER, LABOUR EDITOR

LEADERS of trade unions in Western Europe and the U.S. have given warning that workers will stop co-operating in raising productivity or rationalising industry unless governments act quickly and directly to increase job opportunities.

They say that unions will still demand increases in real wages for their members, and that, coupled with lack of output and productivity growth, will raise industrial costs.

The main revival of employment should come through a joint commitment to faster economic growth, but work-sharing will be necessary to combat the immediate jobs problem, the unions say.

These warnings, together with a strategy for regaining full employment, will be relayed to next month's Western economic *summit meeting in Bonn.*

The strategy is based on a document discussed by union leaders from Britain, Denmark, Sweden and the U.S. with Mr. Emil van Lennep, OECD secretary-general, and officials from OECD member-countries early this month.

It was submitted to last week's *inconclusive meeting of OECD* Ministers in Paris, and will be revived for the summit in the light of unions' disappointment at the failure of the 24 OECD Governments to set specific growth targets.

The unions also say that unless something is done urgently, there will be a "stampede towards protectionism with adverse results for all concerned."

Governments were in danger of losing workers' confidence and could face political and social unrest, particularly from the large numbers of young unemployed—now nearly half the jobless in the OECD countries.

The unions demand Government job-creating and training programmes, and say that jobs must be adapted to workers as well as workers to jobs.

They also say that anti-inflation policies have had little success in creating stability, and Governments seem to ignore the fact that unemployment is itself inflationary.

Increased purchasing power for workers, and thus increased demand, was the only efficient *way of bringing new investment* into a depressed economy. Raising profits "is not a suitable method," the document says.

Investment plans should be negotiated between governments, unions and employers, and the role of workers in company decision-making increased.

The document says that developing countries should be *helped to provide the basic needs* of their own people, "not to produce cheap goods with underpaid labour for foreign markets."

The unions also criticise the system of "managed floating exchange rates" and call for a reform that will bring more short-term stability.

Health Service employees take tough line on pay

A TOUGH line on pay was decided on yesterday by the executive of the Confederation of Health Service Employees, on the eve of their annual conference.

Leaders of the nurses and health workers union are demanding a return to "responsible collective bargaining" and a minimum basic wage for all health workers of £80 for a 35-hour week.

The confederation said that the basic pay of ancillary workers, porters, and domestic staff was £42.42p for a 40-hour week at present. Other grades of ancillary workers and nurses received higher wages, but all for a 40-hour week.

The union had supported the Government during the past three years of pay policy, but now felt it was time to redress the fall in members' living standards.

● Seven operating theatres at one of London's most modern hospitals are closed for all but emergency operations because of a walk-out by nurses.

Talks are to be held today at Greenwich District Hospital—opened only three years ago—in a bid to settle the dispute.

The nurses walked out on Thursday in protest at the dismissal of the sister in charge of the hospital's theatre suite.

She had refused to sign an undertaking that she would work with a newly introduced grade of theatre staff—operating department assistants.

Drivers demand ballot inquiry

By Our Labour Correspondent

THREE HUNDRED Midland lorry driver members of the Transport and General Workers' Union yesterday called for an inquiry at national level into allegations of irregularities in union ballots involving Mr. Alan Law, the union's Midlands Trade Group secretary.

The allegations are now the subject of a police investigation.

The lorry drivers' 5/35 branch called for an inquiry into the organisation of three ballots last year, the subsequent division of *the branch into four units* and, specifically, the roles of Mr. Law and Mr. Brian Mathers, regional secretary.

It is alleged that Mr. Law failed to send individual ballot forms to members of 5/35 branch in an election for a place on the union's regional committee.

Clear message

The vote was not accepted, a re-run was ordered, and Mr. Law resigned his powerful position as unpaid secretary of 5/35 branch. The branch was then separated, giving it four secretaries.

Mr. Dennis Mills, 5/35 co-ordinating committee chairman, announcing the resolution, said: "I cannot say whether it was a censure of Alan Law. It was a clear message to have a full inquiry so we know the full facts and can clear the air."

Mr. Law was not at the meet*ing yesterday* because he was attending a Yorkshire miners' gala.

He has denied the ballet-rigging allegations, saying that pressure of work made it impossible for office staff to send out all the ballot papers on time.

The resolution called for the proposed inquiry to be conducted by one national officer, one national committee member, and five lay members of 5/35 branch — their findings to be reported back to the branch and the union's national and regional committees.

APPOINTMENTS

Planning director for Borthwick

Mr. Julian Sturgis has been appointed corporate *planning* director of THOMAS BORTHWICK AND SONS. Mr. Michael Cave has been appointed finance director, and is succeeded as company secretary by Mr. Michael Timothy.

★

Mr. Kenneth Ward has been appointed director of corporate relations for the RACAL ELECTRONICS GROUP. The new post takes account of Mr. Ward's increased corporate responsibilities, particularly in the UK and the U.S. In the U.S. he is appointed vice-president, corporate relations. He will continue with his existing responsibilities for publicity and public relations and he remains a *director of Racal Group Services,* Wokingham.

★

Mr. P. W. Bryant has been elected a director of BAKER PERKINS CHEMICAL MACHINERY. He retains responsibility for all manufacturing and engineering departments as general manager of the Stoke-based company.

★

PEAT, MARWICK, MITCHELL AND COMPANY announce that from October 1 Mr. C. M. Thompson will be admitted as a partner in the London office.

Mr. J. T. Griffiths has been appointed to the Board of ELECTRONIC RENTALS GROUP as an non-executive director. He is chairman of Pye.

★

Mr. Rodney E. Lambert has been appointed to the Board of ARDEN SECURITIES.

★

Mr. E. P. Maccoll has been *appointed* a director of GILLETT BROTHERS DISCOUNT, FUND MANAGEMENT. Mr. A. J. Norris has been appointed manager of the company.

★

Mr. J. B. Waterton has been appointed to the Board of DAWSON INTERNATIONAL.

★

Mr. Patrick Wrede has been appointed managing director of LAMCO PAPER SALES from August 1 1979. Mr. Wrede succeeds Mr. Jarl Köhler who is leaving on that date.

★

Mr. E. R. Cox, Mr. A. P. Baines and **Mr. M. Garaway**, executive directors of the company, have been appointed full Board members of RADYNE. These *appointments* follow the recent announcement of the acquisition by the Forward Technology Industries Group of the Radyne shareholding from Scienta SA, the previous majority shareholders in the company.

★

The following appointments in HAWKER SIDDELEY companies have been made: **Mr. G. Auton** joins the Board of Hawker Siddeley Electric Africa (Pty) as a director and the Board of Hawker Siddeley Africa (Switchgear) (Pty) as managing director. He succeeds **Mr. H. Seabrooke**, who has resigned from those companies. Mr. Auton ceases to be a director of Hawker Siddeley Switchgear and Falcon Short Circuit Testing Laboratory, Loughborough. **Mr. R. S. R. Amos** has been appointed to the Board of Petter Refrigeration as sales director. **Mr. A. W. A. Bishop** has become a member of the Board of Gloster Saro.

★

Mr. J. Alan Thornton has been appointed an executive director of SCANINVESTMENT SERVICES SA (SISSA), Geneva. He was previously an executive director responsible for the development of AmEx Bank's investment management operations. SISSA is an investment management company directly owned by Banque Scandinave en Suisse, Geneva, and Scandinavian Bank, London.

★

Mr. C. H. Sporborg has been appointed chairman of STAL LAVAL, the London subsidiary of Stal Laval Turbin AB, of Sweden. Mr. Sporborg, an executive director of Hambros Bank, succeeds **Professor I. Jung**, who remains on the Board.

★

Mr. Simon L. Keswick and **Mr. Hugh M. Priestley** have been appointed directors of GREENFRIAR INVESTMENT COMPANY, *a member of the Henderson Ad*ministration management group.

★

Mr. G. Y. Elliott and **Mr. J. D. Flouch** have been appointed the first two directors of CEPEC, a new counselling service for industry set up by PA INTERNATIONAL. *Sir Denis Barnes*, former chairman of the Manpower Services Commission, has been nominated chairman of CEPEC's advisory council.

★

Mr. J. H. Scroxton has been *elected president of the* INSTITUTE OF QUANTITY SURVEYORS for 1978-79. **Mr. M. A. Wilkins** is immediate past president, **Mr. E. W. J. Ashford** senior vice-president, and **Mr. C. F. J. Webb** and **Mr. P. E. T. Spencer** vice-presidents.

★

***Mr. D. C. Small** has been* appointed deputy chairman of ROBERT WILSON AND SONS (1849) and has been succeeded as managing director by Mr. **Douglas I. Macneill.**

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Cuts cost of telex

SIGNIFICANT COST saving equipment for the large telex user is available from Teleprinter Equipment. It is a microprocessor-controlled Typereader which reads original typewriter source documents and produces a punched paper tape that is compatible with the telex network. This saves time, money and errors, since the only manual operation is with the originator.

At present, messages are typically typed by a secretary and sent to a communications centre for keyboarding to paper tape. This requires additional equipment and labour. Usually, a large percentage of the telex machine's time is devoted to tape preparation instead of sending and receiving.

With the Typereader, all the operator's time spent keyboarding (and the machines so used) is eliminated. No errors can be introduced by the operator and time delays caused by messages being queued disappear.

The machine code can be changed for computer or word processing applications.

The Typereader can be seen at the U.S. Trade Center in London from June 19-23. More information from TE division of GADC, 70-82 Akeman Street, Tring, Herts. 0442 82 4011.

● COMPUTING

Acquires the data

PUT ON the market by Solartron-Schlumberger is the System 35 data acquisition equipment, controlled by a microprocessor and aimed at laboratory data gathering/processing, investigatory logging of modelled systems, strain gauging, stress analysis and manufacturing applications such as output monitoring, small scale automatic testing and quality control.

There are two units of hardware apart from peripherals such as keyboard terminals, printers and paper or magnetic tape devices. First of these, the 3510, is known as the integrated measurement unit and has principal tasks of scanning the transducer inputs measuring their values and digitising them. Normally, 64 channels can be examined, but the addition of slave units takes this up to 1024 if necessary. Transducer energisation is built in.

The other unit, the data acquisition system, takes the digitised data and stores complete records of test results for subsequent analysis. It provides outputs for a variety of display and printing devices and also alarm indications.

Solartron has developed its own interpretative logging software called BASIC IV, derived from DEC's BASIC, which permits measurement devices to be operated under computer control and the logging system to be completely automated.

Solartron will tailor each system to a known logging requirement and with extra items such as interfaces provide an arrangement to meet the application.

Such a system will have a guaranteed specification states the company—something which it claims other makers are often reluctant to do.

Attacking the U.S. market

WITH THE formation of an American subsidiary with offices in New Jersey and San Francisco, the British company, Compeda, which specialises in marketing software systems for a wide range of engineering and computer aided design applications, will offer a full range of products and services within the U.S.

As part of its North American drive the company will hold seminars and demonstrations in Montreal, Houston and San Francisco during this month. It is also taking part in the National Computing Conference in Los Angeles this week.

Further from 0438 56122.

● HANDLING

Better grip on loads

EASIER servicing is claimed for a redesigned range of hydraulically operated rotating clamp attachments for lift trucks, available from Hercules Hydraulics and used to handle cylindrical objects.

Opening gaps run from 254 mm (10 in) up to 1,650 mm (65 in)—and wider to order—and the steel piping to carry the hydraulic oil has been replaced with flexible rubber hose, which absorbs the high shock loading caused by poor floor or yard conditions.

With handling capacities of from 750 kg (1,650 lb) up to 3,500 kg (7,700 lb), the clamps will rotate through 180/360 degrees fixed or sideshifted, and can be supplied with higher capacities to order.

Hercules Hydraulic, Giltway, Giltbrook, Nottingham NG16 2GX. Kimberley 34321.

● PROCESSES

Copes with sharp bends

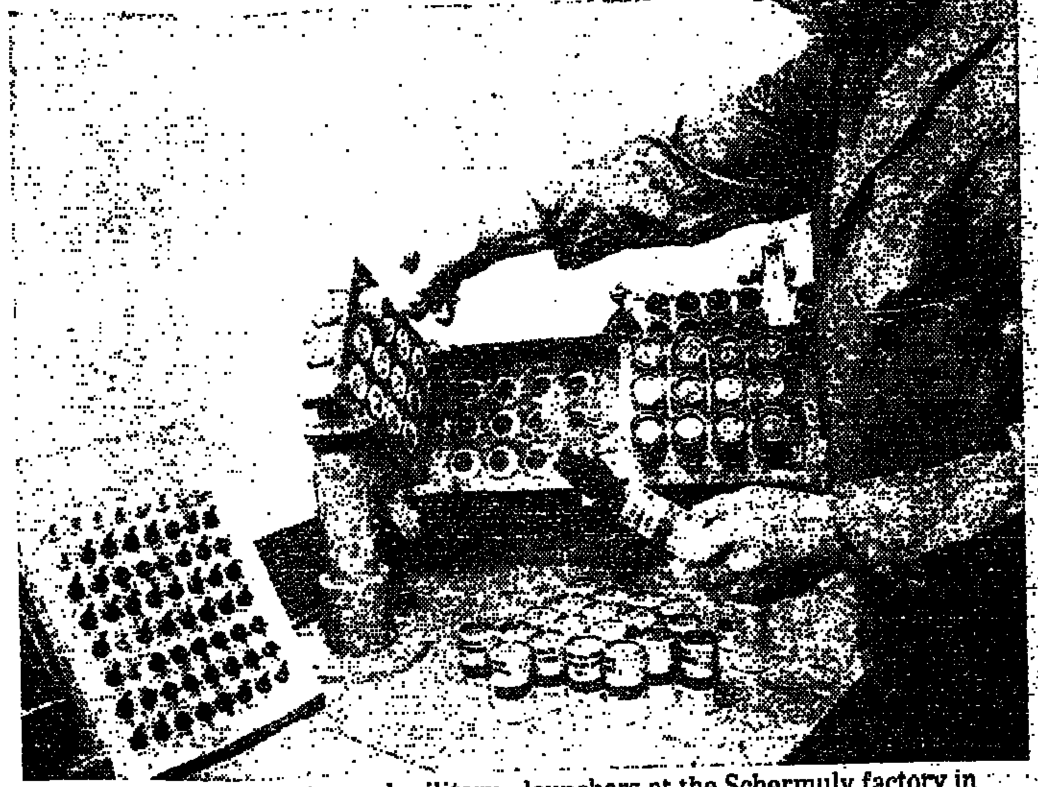
GENERAL DESCALING has introduced a new design of pig (cleaner) specifically for pipelines incorporating various pipe diameters, awkward bends and junctions, and other potentially troublesome geometry.

Particularly suitable for offshore use, "Spheripigs" are available for pipe diameters from six inches upwards. The largest built to date are 48 ins diameter.

The unit consists of two polyurethane cups backed by faceted steel plates and mounted on a reduced-diameter steel body. The backplates and the varied elastomer thicknesses ensure a controlled deformation of the cup peripheries to meet changes in bore and maintain an effective seal under all conditions of angularity and pipe deformation. The small-diameter body, which in the larger sizes is made as a buoyant tube, enables the Spheripig to negotiate bends of 1½ D radius.

The units can be supplied for any pigging duty, the appropriate brushes and other tools being fitted to the body.

General Descaling is at Retford Road, Worksop, Notts. S80 2PY. Worksop 324.



Instead of fireworks, marine and military pyrotechnic devices specially manufactured to avoid production of too much noise and smoke, will be used to provide an aerial display at the Aldershot Tattoo which opens today. Some of the devices are seen here being loaded into their launchers at the Schermuly factory in Salisbury, Wilts. where they are made. In addition to these devices Schermuly handflares similar to those used by mariners and armed forces will be used to provide a colourful background.

● PLASTICS

Polystyrene in many colours

AN ALTERNATIVE method for colouring expanded polystyrene has been announced by the EPS Association, the development having been made by one of its members, the Otford Group. The material will be available to all moulders.

Details of the process are not disclosed by the Otford companies involved, Bourne Polystyrene Mouldings of Sevenoaks and Foley Packaging of Abercarn. However, it is understood that the colourant penetrates the white stock beads "deeply" so that when the steam expansion process is applied a good degree of colour homogeneity is achieved.

In addition, a wide range of standard colours can be offered — pink, pale amber, violet, orange, deep blue, pale blue, deep brown, yellow, red, grey, light green and NATO green. Others can be blended and the company will also provide material matched to house colours.

The difference in price between white and coloured moulded EPS is about 10 per cent.

Most applications are expected in packaging, but there are prospects that tinted ceiling and wall tiles will appear on the market. Details from the EPS Association on 0444 57871.

Presses and extruders

SEMI-AUTOMATIC and fully automatic presses of new design for the compression moulding of thermosetting plastics are announced by Erfurt Machinery, Sheffield (W. E. Norton Group), following its recent appointment as sole sales and service agent for Gatti SpA, Italy.

Designated "PG" and "PG Robot," the presses have automatic programme control, and in addition, the latter incorporates a patented automatic pellet loading device. PG presses are rated up to 750 tons, while the "Robot" models are available up to 250 tons.

From the control panel, housed in a free-standing console, nine sequences for the upper piston and three for extraction can be programmed, allowing accurate control of the mould closing cycle, immediate or delayed degassing, selection of the polymerisation time, and extraction of the workpiece. Temperature of the heated platens can also be selected, and is accurate to within ±2 degrees C.

Three additional new machines, also for the plastics industry, are available from the same manufacturer. The first is a horizontal hydraulic extruder "Model H," for casein, polyester and thermosetting resins. Versions are available with extrusion powers from 100 to 200 tons. A pulverising die plate machine for the continuous production of extruded sections of thermosetting materials can also be supplied. Thirdly, a rolling machine is available for the button manufacturing industry which reduces plastic paste into ribbons of different colours, thicknesses and widths.

Details from Erfurt Machinery, Dore House Industrial Estate, Orgreave Close, Sheffield, S13 9NP. Telephone: 0742 697341.

● CONFERENCES

One day on wind power

ON JULY 13, at the CEGB headquarters in Newgate Street, London, EC1, a one-day seminar is being organised by Multi-Science entitled "Wind Power in the United Kingdom."

Several of the contributions will be from the academic world including Imperial College, Kingston Polytechnic and the Universities of St. Andrews and Reading. There will also be papers from the Cavendish Laboratories, the CEGB, Pye Telecommunications and the Department of Energy. Proceedings will be opened by the editor of "Wind Engineering."

Seminar fee is £27 (including VAT) and further details can be obtained from Multi-Science at The Old Mill, Dorset Place, London E15 1DJ. (01-534 4882).

● MATERIALS

Lightweight partition

COMBINING two well-established products provides a lightweight partition for fire protection on offshore structures. Developed by Durasteel and Mandoval, the Durasteel 3DF2 non-asbestos partition with Marine Mandolite 25 spray applied to one side has been successfully tested in accordance with Solas A60 requirements by the Fire Insurers Research and Testing Organisation (FIRTO) at Borehamwood as well as in the far more severe conditions of a simulated hydrocarbon fire at the Warrington Research Centre.

The Durasteel partition is easy to erect on site and is followed by the spray application of Marine Mandolite. This combination offers an important saving in weight compared with a steel bulkhead and possesses stability, integrity and insulation. Both products are asbestos-free and present no known environmental health hazard either during or after application.

Durasteel is on 0933 71188; Mandoval on 0990 25011.

● ROADMAKING

Will plane concrete and asphalt

A SELF-PROPELLED planing machine capable of tackling both concrete and asphalt surfaces has been put on the market by Joad Engineering of Barkby Road, Leicester.

It is called the Superplane and is suitable for confined sites such as pedestrian precincts, town centres, playgrounds and car parks where such work would normally be a labour intensive operation involving the use of pneumatic or hydraulic hammers.

For cutting concrete, the machine is fitted with a drum allowing a maximum cutting width of 760mm (30in) and a depth of over 30mm (1¼in). For asphalt, a different drum is used fitted with picks rather than the tungsten carbide tipped floating heads used on the concrete version.

To improve performance on asphalt, a bank of infra-red heaters can be attached to the front of the machine, hydraulically steered from the operator's console. In this configuration the maximum cutting width and depth are 800mm (31½in) and 50mm (2in) respectively.

● QUARRYING

Drills holes for blasting operations

DESIGNED FOR use in quarrying and open cast mining operations is a crawler-mounted, self-propelled rotary blast hole drilling rig which is being introduced to the UK by Landay Drilling Supplies, Unit 18, Central Trading Estate, Staines, Middx. (81 61221).

The rig is known as SK-25 and is manufactured by the Reed Tool Company. It has a pulldown capacity of 25,000 lbs and drills holes from 5¼ in to 6¾ in and up to 25 feet deep in a single pass or in multiple pass depths of 50 feet to 75 feet, but can drill angle holes up to 25 degrees off vertical.

The machine is mounted on Caterpillar 225 crawler tracks, each equipped with its own independent, variable and reversible speed control for spot turning or for manoeuvring in confined locations. Drill levelling is by hydraulic jacks, one front and two at the rear.

● TRENCHING

Less risk of collapse

A HYDRAULIC trench shoring system which is said to eliminate many of the dangers inherent in conventional screwjack and timber batten shoring methods has been brought to this country from Speed Shore of Houston, Texas, via Mechplant of York.

A constant threat to the construction worker is trench collapse and records show that many site workers have been killed or seriously injured by a trench wall caving in on them. The aluminium equipment, called Speed Shore, comprises strong but lightweight units which take less than a minute each to install and the maker says that, in addition to safety advantages, the use of the product and sheet piles has been found to save in the region of 75 per cent in shoring time alone.

More from the British distributor at Fulford Road, York YO1 4EW (0904 36621).

CONTRACTS AND TENDERS

هكذا من الأصل

Building and Civil Engineering

Drainage and sewage treatment

THE CONTRACT for the first stage of the main drainage and sewage works at Al Ain in the United Arab Emirates, has been awarded to Keang Nam Enterprises, of Seoul, Korea. The tender figure is understood to be around £22m.

This scheme, designed by D. Balfour and Sons, is for a population of 105,000 and an average daily flow of 27,000 cubic metres. The final effluent will be treated to a standard suitable for irrigation re-use.

Electrical and mechanical plant for the project is to be supplied by Ames Crosta-Babcock of Heywood, Lancs.

Back in the UK, D. Balfour and Sons has been commissioned by the Norwich Sewage Division of the Anglian Water Authority to implement a feasibility study into the sewage disposal facilities at Great Yarmouth and its environs.

An interim report recommends detailed consideration to be given to a long submarine outfall and a sewage treatment works sited north of the town. The report recommends investigations to prove the feasibility of the marine discharge, which is complicated by the Middle Scroby sandbank 3 km offshore.

The existing sewage treatment works at Caister-on-Sea, which has only a limited life, deals with 30 per cent of the sewage from the study area, the remainder discharges, mainly untreated, to the tidal region of the River Yare. The enormous amounts of fresh water flowing through the estuary from the inland lake, Breydon Water, raises the quality of the Yare Estuary water to a level which would not normally be expected with such large quantities of crude sewage being discharged, says Balfour.

The study is being carried out in co-operation with the Great Yarmouth Borough Council, which, acting as sewerage agent to the Anglian Water Authority, is currently effecting major improvements to the sewerage system.

D. Balfour and Sons will also work in liaison with Rendel, Palmer and Tritton, who, as consultants to the Norfolk and Suffolk River Division of the Anglian Water Authority, are engaged in a flood control study of the Yare Basin.

Balfour expects to submit its final report later this year.

£7m Wimpey awards

ALUMINA CONTRACTORS has awarded a site grading contract worth £5m to George Wimpey who in turn has signed an agreement for a joint venture operation with P. J. Hegarty and Sons of Cork, the partnership to be known as Wimpey-Hegarty.

The contract is the first to be awarded for the £287m Aughinish Alumina's alumina extraction plant on the Shannon Estuary, near Foynes, Co. Limerick. It includes site clearance, grading and the removal of 1.7m cubic metres of rock on the site on Aughinish Island.

Two contracts whose joint value exceeds £2.2m have been awarded to Wimpey by the City of Manchester Corporation for the modernisation of 499 council dwellings in the city, under schemes called Clayton 2A and Newton Heath 2B. The refurbishing involves extensive renewal of fabric, installation of central heating, plumbing, new kitchen, rewiring and renewal of services.

£5½m services contracts

HADEN YOUNG is to instal heating, air conditioning and electrical services in the building which will house the Burrell Collection on the Pollok Estate, Glasgow.

Taylor Woodrow Construction (Scotland) which is constructing the £10.4m building has awarded the £2m contract to the company whose expertise promises to maintain precise humidity and temperature controls, together with necessary filtration measures against pollution, etc., to preserve the £40m collection which was left to the nation by the late shipping magnate, Sir William Burrell.

The company has also won a £3½m mechanical and electrical services contract from the West Midlands Regional Health Authority for installations at the new Dudley District General Hospital. Work on the £10.7m hospital is due to start in late summer. Main contractor is John Laing.

Rush and Tompkins busy

AT BASS Charrington's Wellpark Brewery, Glasgow, a three-storey office building is to be constructed under a £900,000 contract awarded to Rush and Tompkins.

Built on piled foundations, it will have a precast concrete frame clad with precast concrete panels and be fitted with acrylic enamelled aluminium windows. Interior finishes are to be decorated dry-lining to external walls with plastered internal partitions and false ceilings throughout.

The company's South West region has contracts valued at £1.5m, including a school at Bradford-on-Avon at £0.5m for the Wiltshire County Council; housing valued at £300,000 for the Kennet District Council at Patterne, Wiltshire; general building work at Luggershall for the Department of the Environment valued at £200,000; and industrial building in Wiltshire for Wellworthy Engineering.

Two housing contracts in the London area with a total value of £600,000, are for Lewisham Borough Council and the Harding Housing Association at Wimbledon.

Kier gets road job

EAST SUSSEX County Council has awarded a contract worth £1.4m to Kier (RBW) for the construction of part of the Folkestone/Honiton trunk road at Bexhill.

Work comprises 1½ kilometres of dual carriageway, a single 17-metre span precast concrete bridge over Chantry Lane, two concrete footbridges at Lychgate Close and Hastings Road, a pedestrian subway under the main carriageway at Barrack Road, and about 1 kilometre of retaining walls in concrete with Gateshead rock faced finish.

The contract will take approximately two years to complete.

Offices in London

DEMOLITION and rebuilding work at 88-90 Chancery Lane, London WC2 is to be undertaken by Wiltshiers under a £1.6m contract.

Apart from rebuilding part of the existing premises, a considerable amount of refurbishment is called for to provide office accommodation. The work is being carried out for St. Martin's Property Corporation. Architects are The J. Seymour Harris Partnership.

£1m store for Boots

HIGGS AND HILL Building has been awarded a contract worth nearly £1m to construct a store for Boots at King Street, Hammersmith, London.

The three-storey reinforced concrete building will be constructed on piled foundations and will be brick clad. Office accommodation will be included within the building.

Architects for the project are Scott Brownrigg and Turner, with H. L. Waterman and Partners acting as consulting engineers. Quantity surveyors are Gardiner and Theobald.

Airport work

THE TOTAL of recent contracts awarded to Willment's Building Division is over £900,000, which includes two contracts worth over £400,000 from British Airways.

Erection of offices and security cages in the cargo centre at Heathrow is scheduled for completion by the end of this year and covers part of the British Airways deal. Other work at the airport is primarily for alterations and additions in the agents' bond facility area of the import terminal.

Other awards include work for Western Synagogue Trustees, Siemens, Department of the Environment, the Home Office and Agfa-Gevaert.

IN BRIEF

- Among contracts worth more than £1.8m won by Wrekin Construction is a £617,000 town centre relief road for Concleton, placed by Cheshire County Council.
- One of the most important leisure developments in the Highlands since the completion of the Aviemore Centre, is being constructed under a contract worth about £1m by William Tawse.
- John Howard and Co. has been awarded a contract valued at £295,000 by Harbour Developments for the extension of No. 5 berth at Harwich Docks.
- Contracts worth about £226,000 have been won by FPA Finnegan, the main building subsidiary of Sheffield-based FPA Construction Group.
- Export contracts totalling over £¼m have been secured by the Hydrojet Division of A. Long and Co., for the supply of purpose-built high pressure water jetting equipment to the Middle East.
- Wellerman Brothers of Sheffield has received a £65,000 sub-contract from Gateshead Metropolitan Borough Council to supply steel sheet and bearing piles for a project to drain 100 acres of land to be subsequently developed as an industrial area.
- Nuneaton District Council has awarded a contract valued at about £140,000 to Corrall Construction for ten nursery factory units under Phase I of a new industrial development at Attleborough Fields.
- Marking the end of the first stage in the Tyneside Sewerage Scheme is the Northumbrian Water Authority's £383,000 contract awarded to Stepney Contractors for work involving the diversion of flow from sewers (currently pouring untreated sewage into the Tyne), to the new South Bank and South Shields Interceptor Sewers. The new sewers have cost £7.5m and when operational will intercept some 10m gallons a day of untreated sewage and transfer it to the newly completed treatment works at Jarrow.
- Costain Renovations has been awarded a £400,000 contract by the London Borough of Camden for extensive renovations to Cecil Rhodes House and the Chenies in Goldington Street, London, NW1.

Over £9m for Douglas

UNDER CONTRACTS totalling over £9m awarded to the Douglas Group, R. M. Douglas Construction has been awarded £6.8m, of which £5.8m is for industrial projects. Additionally R. M. Douglas Roofing has metal deck roofing and wall cladding contracts totalling £2.3m.

Work already commenced by the construction company includes foundations for a steel mill conversion at Port Talbot for the British Steel Corporation; a warehouse extension at Prudhoe, Northumberland for Kimberley-Clark; and a factory at Bridgend for Rockwool Company (UK).

Other projects are a factory at Newcastle-upon-Tyne for Glass Tubes and Components and site works at St. Mellons, Cardiff for the Property Services Agency, Department of the Environment.

Part of the roofing company's contract includes metal deck roofing of the new engine plant at Bridgend for the Ford Motor Company.

Two shopping centres

UNDER CONSTRUCTION in Warrington and Kidderminster are two new shopping centres costing £4m and £1.1m respectively.

The Warrington Development Corporation's shopping complex, the £4m Birchwood Centre, is situated on 165 acre site in the angle of the M6 and the Manchester-Liverpool railway line, and will not only serve North-East Warrington's expanding population but is expected to attract shops from a wider area because of its easy accessibility to the M6 and M62 motorways.

Largest store—of over 106,000 square feet—has been pre-let to Fine Fare who will also operate a petrol filling station.

A shopping precinct between Vicar Street and Worcester Street in the market town of Kidderminster, south west of Birmingham, has been designed to blend in with the character of the existing town centre. John Laing, Midland Region, has won the £1.1m contract for its development.

This complex comprises 21 shop units ranging in size from 250 to 6,000 square feet. Four of the shops will face on to Vicar Street whilst 17 face a shopping way leading to an open square in Worcester Street. Part of the project includes an extension to the existing Marks and Spencer store which will face on to the square.

The structure will be of reinforced in situ concrete with concrete slab floors at ground level and hollowpot floors with reinforced concrete column bases at upper levels

The contract also includes demolition of existing properties between Vicar Street and Worcester Street, and some underpinning.

First order for Gulf steel plant

THE FIRST order for steelwork has been placed with Cleveland Bridge and Engineering Middle East which has just begun operations in the new industrial area of Jebel Ali on the Gulf coast.

This order for 4,500 tonnes for the Plaza Development in Cairo, has come much to the company's delight, close to the official opening of the factory yesterday by The Ruler of Dubai, Sheikh Rashid Bin Said Al Maktoum.

In its first year, the automated steel fabrication plant will handle about 12,000 tons of steel.

From the Jebel Ali base, Cleveland Bridge is currently *engaged in erection of the steelwork* for the Galadari Coniche project (the largest private enterprise scheme in the United Arab Emirates), the Dubai aluminium smelters, the steelwork for the roof of the Intercontinental Hotel in Sharjah and the steelwork for the Sheraton Hotel in Bahrain.

Cleveland Bridge and Engineering Middle East is a partnership of Cleveland Bridge and Abdul Wahab Galadari, the prominent Middle East entrepreneur.

Keeping all amenities in step

PLANNING a new city of 250,000 inhabitants where constraints on the type of dwellings, access systems, industries and other aspects allowed are severe, is no mean task. Add to that the problems inherent in working on land reclaimed from the sea as part of the Zuyder Zee project and the task takes on fresh complexities.

The Lake Ijssel Polder Development Authority is responsible for the physical planning of the 250,000-inhabitant Almere city and the 100,000-inhabitant Lelystad, both close to Amsterdam and both barred to development as overspill or dormitory areas for Amsterdam.

Though the two centres will not reach their projected population totals till the year 2000, the development lines have been fixed to provide work, recreation facilities, nature reserves, services, *schools* and *shopping* centres, as well as houses, keeping the whole in step so that there does not arise—as has been the case in too many instances in Britain—a situation where there is housing, but precious little else.

Co-ordination is an immense task to carry out manually and the authority for some time has been making use of the PROPLAN approach, available on the Cybernet services of Control Data.

This allows planners to carry out time, resource and cost analyses of projects which encompass up to 8,000 activities and 12,000 relationships. Important is that the program suite enables a planner to see very quickly the relationships among dependent activities so that, for instance, if a major road scheme has to be changed, all the other work affected will be pinpointed at once and the extent to which it is being influenced by the alterations.

Such work is difficult if not impossible to do manually when such big projects are under way.

From the master file manipulated by PROPLAN, a large variety of simple language reports can be generated on demand and fit the planners' requirements very closely. Speed of reaction of the system is a most important factor and it cannot forget a detail.

More information on the project and the program suite from Control Data, 153 East Barnet Road, East Barnet, Herts. 01-440 5161.

Work in Ghana and Manchester

FOUNDATIONS and superstructure of the grinding mill at the Ghana Cement Works, Tema, are to be constructed by Taysec Construction, a Ghanaian company in the Taysec Woodrow Group. Value of the contract is £830,000.

Construction is scheduled to take 11 months and consists partially of structural steel and partially reinforced concrete frames. Engineers for the project are Cowiconsult of Accra, and the quantity surveyors are G. A. Takyi and Partners of Accra.

The new mill is the second contract for Taysec at the Ghana Cement Works. The first was for a clinker storage shed.

At home, in Manchester, Taylor Woodrow has won a £900,000 contract for a housing development from the Northern Counties (Cromford) Housing Society. Construction of the 60 dwellings in six three-storey blocks will take 17 months.

Architects are John Gaylten Associates, consulting engineers are E J. Griffin Associates and quantity surveyors are Markham Millard and Partners.

The List of Applications will open at 10 a.m. on Wednesday 21st June, 1978, and close on the same day.

This issue is made in accordance with a General Consent given by the Treasury under the Control of Borrowing Order 1958.

Application has been made to the Council of The Stock Exchange for the Stock being issued to be admitted to the Official List.

SOUTHEND-ON-SEA BOROUGH COUNCIL

Issue of
£7,000,000 Borough of Southend-on-Sea
12 per cent. Redeemable Stock 1987

Authorised by the Council of the Borough of Southend-on-Sea and issued in accordance with the Local Government Act 1972 and the Local Authority (Stocks and Bonds) Regulations 1974.

PRICE OF ISSUE £98¼ per cent.

Payable as follows:—

On Application	£10 per cent.
On 25th July, 1978	£35 per cent.
On 12th October, 1978	£53¼ per cent.
	£98¼ per cent.

Interest (less income tax) will be payable half-yearly on 26th May and 26th November. A first interest payment of £2.7828 (less income tax) per £100 Stock will be made on 26th November, 1978.

The Stock is an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961.

Barclays Bank (London and International) Limited, New Issues Department, P.O. Box 123, 2, London Wall Buildings, London Wall, London, EC2P 2BU, are authorised by the Southend-on-Sea Borough Council to receive applications for the above amount of Stock in accordance with Resolutions passed by the Council on 24th November, 1977.

1. SECURITY.—The Stock and interest thereon will be secured upon all the revenues of the Council. The Stock will rank equally with all securities issued by the Council.

2. PROVISION FOR REPAYMENT OF LOANS.—The Council is required by Acts of Parliament to make annual provision towards redemption of loans raised for capital expenditure and to make such returns in connection therewith as may be required by the Secretary of State for the Environment.

3. PURPOSE OF ISSUE.—The proceeds of the issue will be applied to replace moneys temporarily borrowed to meet authorised capital expenditure, to replace maturing mortgage debt, to finance further capital expenditure, to make loans to other local authorities permitted under Paragraph 13 of Schedule 13 of the Local Government Act, 1972 and to defray the costs, charges and expenses of and incidental to the issue of the Stock.

4. REDEMPTION OF STOCK.—The Stock will be redeemed at par on 26th May, 1987 unless previously cancelled by purchase in the open market or by agreement with the holders.

5. REGISTRATION.—The Stock when fully paid will be registered and transferable free of charge in amounts and multiples of one penny by instrument in writing in accordance with the Stock Transfer Act 1963. **The Register of the Stock will be kept at the offices of the Borough Treasurer, P.O. Box 2, Civic Centre, Victoria Avenue, Southend-on-Sea, SS2 6EP.**

6. INTEREST.—Interest (less income tax) will be paid half-yearly on 26th May and 26th November by warrant, which will be sent by post at the Stockholder's risk. In the case of a joint account, the warrant will be forwarded to the person first named in the account unless instructions to the contrary are given in writing.

The first payment of £2.7828 (less income tax) per £100 Stock will be made on 26th November 1978 by warrant in the usual way.

7. APPLICATIONS AND GENERAL ARRANGEMENTS.—Applications must be made on the prescribed form, accompanied by a deposit of £10 per cent. of the nominal amount applied for, and be received at **Barclays Bank (London and International) Limited, New Issues Department, P.O. Box 123, 2, London Wall Buildings, London Wall, London, EC2P 2BU.**

Applications must be for a minimum of £100 Stock or in multiples of £100 for applications up to £2,000 Stock.

Larger applications must be made in accordance with the following scale:—
Applications above £2,000 Stock and not exceeding £5,000 Stock in multiples of £500.
Applications above £5,000 Stock and not exceeding £20,000 Stock in multiples of £1,000.
Applications above £20,000 Stock in multiples of £5,000.

A separate cheque drawn on a Bank in and payable in the United Kingdom must accompany each application form. No application will be considered unless this condition is fulfilled.

In the event of partial allotment, the surplus from the amount paid as deposit will be refunded to the applicant by cheque. If no allotment is made the deposit will be returned in full. No allotment will be made for less than £100 of Stock.

Barclays Bank (London and International) Limited reserves the right to return surplus application moneys by means of a cheque drawn on a country branch of Barclays Bank Limited to any applicant whose application was not supported by a Banker's Draft or by a cheque drawn on a Town Clearing Branch of a Bank in the City of London.

It should be particularly noted that default in the payment of any instalment by its due date will render all previous payments liable to forfeiture and the allotment to cancellation.

Each applicant to whom an allotment of Stock is made will be sent a renounceable Letter of Allotment, which must be produced when instalment payments are made. Letters of Allotment which may be split up to 3 p.m. on 18th October, 1978, will contain forms of renunciation which will be available up to 3 p.m. on 20th October, 1978. On payment of the instalment due on 25th July, 1978, the Letter will be appropriately marked and returned to the sender. When payment in full is made the Letter will be appropriately marked and returned to the sender, unless the registration application form has been completed, in which case pages 1 and 2 only of the Letter will be returned to the sender.

Partly paid Letters of Allotment may be split in multiples of £100 Stock, but fully paid Letters of Allotment will be split down to multiples of one penny of Stock. No Letters of Allotment will be split unless all instalments then due have been paid. There will be no charge for splitting Letters of Allotment.

The Stock Certificate will be despatched by ordinary post at the risk of the Stockholder(s) without further request on or before 17th November, 1978, to the first-named registered holder at his/her registered address. If between 20th October, 1978 and 27th October, 1978 the Allotment Letter is lodged at the offices of the **Borough Treasurer, P.O. Box 2, Civic Centre, Victoria Avenue, Southend-on-Sea, SS2 6EP** with the lodging agent's name and address inserted in the space provided at the foot of page 2 the Stock Certificate will be despatched to the lodging agent on or before 17th November, 1978, after which date Allotment Letters will cease to be valid.

A commission of 12½p per £100 Stock will be allowed to recognised bankers and stockbrokers on allotments made in respect of applications bearing their stamp: this commission will not, however, be paid in respect of an application which arises out of an underwriting commitment.

8. STATISTICS.—Relating to the Borough of Southend-on-Sea:—

Population mid-1977 (Registrar-General's Estimate)	155,300
Rateable value—31st March, 1978	£25,782,903
Product of rate of 1p in the £—1978/79 (estimated)	£273,250
Rate in the £—1978/79	95.8p
Net loan debt—31st March, 1978	£55,350,000

Prospectuses and application forms can be obtained from:—

BARCLAYS BANK (LONDON AND INTERNATIONAL) LIMITED,
New Issues Department, P.O. Box 123, 2, London Wall Buildings, London Wall, London, EC2P 2BU.
and any main branch of **Barclays Bank Limited in South East Essex.**
GRIEVESON, GRANT AND CO.,
P.O. Box 191, 59 Gresham Street, London, EC2P 2DS.
BOROUGH TREASURER, P.O. Box 2, Civic Centre, Victoria Avenue, Southend-on-Sea, SS2 6EP.

P.O. Box 2,
Civic Centre, Victoria Avenue,
Southend-on-Sea, SS2 6EP.
16th June, 1978.

By Order of the Council.
F. G. LAWS, *Chief Executive and Clerk.*
BERNARD LUCKHURST, *Borough Treasurer.*

The List of Applications will open at 10 a.m. on Wednesday 21st June, 1978 and close on the same day.

APPLICATION FORM
for
BOROUGH OF SOUTHEND-ON-SEA
12 per cent. Redeemable Stock 1987
Issue of £7,000,000 Stock at £98¼ per cent.

To: BARCLAYS BANK (LONDON AND INTERNATIONAL) LIMITED.
New Issues Department, P.O. Box 123, 2, London Wall Buildings, London Wall, London, EC2P 2BU.

I/We hereby apply for *£

(say .... pounds) of Borough of Southend-on-Sea 12 per cent. Redeemable Stock 1987, according to the *conditions contained in the Prospectus dated 16th June, 1978, and undertake to accept* the same or any less amount that may be allotted to me/us and to pay for the *same in conformity with the terms of the said Prospectus. I/We request that any* Letter of Allotment in respect of Stock allotted to me/us be sent to me/us by post at the (first written) undermentioned address.

I/We enclose the required deposit of £ .... being £10 per cent. on the nominal amount applied for, and warrant that the cheque attached hereto will be honoured on first presentation and agree that any allotment of Stock is made strictly on this understanding.

‡I/We declare that I am not/no one of us is resident outside the Scheduled *Territories‡ within the meaning of the Exchange Control Act 1947, and that I/we* shall not be acquiring the Stock on behalf of, or as nominee(s) of, any person(s) *resident outside those Territories.*

.... June, 1978. *SIGNATURE* .... (1)

PLEASE USE BLOCK LETTERS

First Name(s) in full ....

Surname and Designation ....
(Mr., Mrs., Miss or Title)

Address in full ....

.... FT

(The spaces below are for use in the case of joint applications)

SIGNATURE .... (2)

First Name(s) in full ....

Surname and Designation ....
(Mr., Mrs., Miss or Title)
Address in full ....

....

SIGNATURE .... (3)

First Name(s) in full ....

Surname and Designation ....
(Mr., Mrs., Miss or Title)
Address in full ....

....

*** Applications must be for a minimum of £100 Stock or in multiples of £100 for applications up to £2,000 Stock.**

Larger applications must be made in accordance with the following scale:—
Applications above £2,000 Stock and not exceeding £5,000 Stock in multiples of £500.
Applications above £5,000 Stock and not exceeding £20,000 Stock in multiples of £1,000.
Applications above £20,000 Stock in multiples of £5,000.

† If this Declaration cannot be made it should be deleted and reference should be made to an Authorised Depositary or an Approved Agent in the Republic of Ireland through whom lodgment should be effected. Authorised Depositaries are listed in the Bank of England's Notice E.C.1, and include most banks and stockbrokers in and solicitors practising in the United Kingdom, the Channel Islands or the Isle of Man. Approved Agents in the Republic of Ireland are defined in the Bank of England's Notice E.C.10.

‡ The Scheduled Territories at present comprise: the United Kingdom, the Channel Islands, the Isle of Man, the Republic of Ireland and Gibraltar.

A SEPARATE CHEQUE DRAWN ON A BANK IN AND PAYABLE IN THE UNITED KINGDOM MUST ACCOMPANY EACH APPLICATION FORM. NO APPLICATION WILL BE CONSIDERED UNLESS THIS CONDITION IS FULFILLED

This Form should be completed and sent to:—
BARCLAYS BANK (LONDON AND INTERNATIONAL) LIMITED, NEW ISSUES DEPARTMENT, P.O. BOX 123, 2, LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2P 2BU, with a cheque payable to Barclays Bank (London and International) Limited or in the shortened form **"BALI"** for the amount of the Deposit. Cheques must be crossed "Southend-on-Sea Loan".

No receipt will be issued for payment on this application but an acknowledgement will be forwarded by post in due course by Letter of Allotment and/or by return of Deposit.

This week in Parliament

TODAY

COMMONS—*Debate on* Royal Navy. Domestic Proceedings and Magistrates Courts Bill, Lords amendments. Co-operative Development Agency Bill, consideration on return from Lords.

***LORDS**—Debate on unemployment.* Short debate on Hare Coursing Bill.

SELECT COMMITTEES — *Expenditure,* Education, Arts and Home Office sub-committee. Subject: Prison system. Witnesses: Home Office, Scottish Office, 4.15 p.m. Room 6.

TOMORROW

COMMONS—Northern Ireland *orders, including ones on* education, pollution and planning.

LORDS — Electricity Bill, *second reading.* National Health Service Bill, second reading. Scotland Bill, report stage, final *day. Protection of Children* Bill.

WEDNESDAY

COMMONS—*Debate on* housing. Parliamentary Pensions Bill, second reading.

LORDS—Wales Bill, committee stage. Theatres Trust Bill, committee stage. Nuclear Safeguards and Electricity (Finance) Bill, committee stage.

SELECT COMMITTEES — Expenditure, Trade and Industry sub-committee. Subject: *Measures to prevent collisions of* noxious cargo carriers. Witnesses: General Council of British Shipping, British Ship Research Association, 10.30 a.m. Room 16.

Nationalised Industries, sub-committee B. Subject: Future of electricity supply industry. Witnesses: Mr. Anthony Wedgwood Benn, Energy Secretary, 10.45 a.m. Room 8.

Public Accounts Committee. Subject: Appropriation accounts 1976/77. Trading account. Witnesses: Scottish Development Agency, Scottish Economic Planning Dept., Forestry Commission. At a time to be set, after 4 p.m. Room 16.

Parliamentary Commissioner for Administration. Subject: Ombudsman (review of access and jurisdiction). Witnesses: Prof. R. G. Gregory, University of Reading, Mr. D. W. Williams, University of Manchester, 5 p.m. *Room 7.*

THURSDAY

COMMONS—Debate on "mismanagement of Scotland's oil." Debate on need for balanced economic order for Wales. General Practice Finance Corporation (increase of borrowing powers) order.

LORDS—Adoption Bill, second *reading.* Wales Bill, committee stage. Consumer Safety Bill, second reading. Home Purchase *Assistance and Housing Corporation Guarantee Bill,* committee stage.

SELECT COMMITTEES — European Legislation, sub-committee I. Subject: Sheepmeat marketing. Witnesses: National Farmers Union, Consumers' Association, 10.30 a.m. Room 15.

Race Relations and Immigration. Subject: Effects of EEC membership on race relations *and immigration.* Witness: Mr. D. Lane, 4.30 p.m. Room 6.

FRIDAY

COMMONS—Homes Insulation Bill, remaining stages. Iron and Steel (Amnd.) Bill, remaining stages. EEC documents on European foundation and cultural sector.

LORDS—Wales Bill, committee stage (unless completed the previous day).

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The sub-divisions below are based mainly *on last year's timetable.*

COMPANY MEETING—
TODAY
Bishopsgate Trust, 41 Bishopsgate E.C., 2.45
Costain (R), Goldsmiths' Hall, Foster Lane E.C., 12
Early (C) Marriott (Witney) Witney Mill, Witney, Oxfordshire, 2.30
Hammerson Ppty. Inv. Trst., 100 Park Lane W., 12
Marshall's Universal, Fairfield Halls, Park Lane, Croydon 12

BOARD MEETINGS—
Finals:
Allied Plant
Chamberlain Phipps
Dawson International
Lilleshall
London Sumatra Plants.
Petbow
Shaw and Marvin
Spear (J. W.)
Sterling Inds.
Interims:
Fenner (J. H.)
Great Northern Inv. Tst.

DIVIDEND & INTEREST PAYMENTS—
Continental Union Trst. 2.5p
Halstead (J), 0.22p
Hammerson Prop Inv. Trst Ord. & A. 5.46p
Minet 1.27104p
Nathan (B), 2.3p
Plaxton's (Scarborough) 1.75p
Sc[illegible] TV [illegible] A O[illegible] 1.28[illegible] (inc. supp. distbn. 0.0175p o/a yr. ended 1976)
Silhouette (Lndn.) Ord.&A.Ord. 2.541p
Tehidy Minerals 0.66317p
Utd. Cap. Inv. Trst. 0.525p

TOMORROW
COMPANY MEETINGS—
Beralt Tin Wolfram, Connaught Rms., Gt. *Queen St.* W., 12
Bodycote Intnl., Midland Hotel, Peter St., Manchester, 12.30
Brocks, Fleets Lane, Poole, Dorset, 10.45
Estates Duties Inv. Trst., 91 Waterloo Rd. S.E., 10.45
Runciman (W), 52 Leadenhall St., (5th Flr.) E.C., 12
Vernon Fashion, Middlesex Room Gt. Eastern Hotel, Liverpool St. E.C., 12.

BOARD MEETINGS—
Finals:
Anderson Strathclyde
Attwood Garages
Bradford Prop. Tst.
Electric and General Invst.
Evans of Leeds
Powell Duffryn
Radiant Metal Finishing
Russell Bros. (Paddington)
Interims:
Allied Brews.
Irish Dists.
Plessey

DIVIDEND & INTEREST PAYMENTS—
Brit. Inv. Trst., 2.65p
[illegible] 3¼ 3½ 3¾ 4¼pc
Essex Wtr. Db. 1¼ 2 2¼pc (1980-81) 2¼pc (1980-82) 2½pc (Perp.) 2½pc (1977-79) 2½pc (1986-91) 2¾ 3pc (1981-83) 3¼ 3½pc (1986-88) 3½pc (1987-89) 3¾ 4 5 5¼pc
Estate Duties Inv. Trst 5p
Hepworth (J.) 0.72p
Peachey Prop. Corp 1p
Royal Dutch Petrlm. (reg.) 28.75pc
Saint-Gobain-Pont-A-Mousson FF 14.55
Scot. Nat. Trst.1.4p. 6pcPf. 2.1pc
Westward TV 0.6p
Yarrow 1.7p

WEDNESDAY, JUNE 21
COMPANY MEETINGS—
Albany Inv. Trst., Martins Bldg., Water St., Liverpool, 2.30
American Assoc., 186 City Rd E.C., 12.30
Anglo Swiss, Community Ctr., Harmondsworth (at. West Drayton, 3.15
Brixton Estate, 22/24 Ely Place E.C., 12.15
City of *Oxford Inv. Trst., 41 Bishopsgate* E.C., 11.30
Collins (GW), Millfield Lane, Haydock St. Helens, Merseyside, 9.30
Hawker Siddeley, Ballroom, Dorchester Hotel, Park Lane W., 12
Hse. Ppty of Lndn., Eagle Hse., High St. Wimbledon S.W., 12
Le Bas (E), *Savoy Hotel, Strand* W.C., 12
Lndn. & Lennox Inv. Trst., 2 St. Mary Axe, (4th flr.) E.C., 11.30
[illegible], Abercorn Rms., Bishopsgate, E.C., 12
[illegible] Marshall and Campion, 7 Birchin Lane E.C., 3.30
Wadham Stringer, Post Hse., Northney Rd., Hayling Island, Hants., 12

BOARD MEETINGS—
Finals:
Avana
Brown and Tawse
Burnett and Hallamshire
Elliott (B)
Lindustries
Lloyd (F. H.)
Northern Secs. Tst.
Rowlinson Construction
Tesco Stores
Interims
Estates and Agency
Kenning Motor
Scottish American Invst.
Throgmorton Tst.
United States Deb. Cpn.

DIVIDEND & INTEREST PAYMENTS—
Albany Inv. Trst. 0.77484p
[illegible] 5/78 £5.0353
8¾pcBd.Rd. 19/12/79 4⅜pc
Automotive Prods. 1.04293p
Barnet 7⅜pcBd Rd. 3/1/79 3[illegible]pc
Bath 9⅞pcBd.Rd. 21/6/78 £5.0353
Bolton Var.Rt.Bd.Rd. 16/12/81 £3.875
Bristol 9¾pcBd Rd. 21/6/78 £5.0353
Chemring 0.77p
Chesterfield 7⅜pcBd.Rd. 3/1/79 3[illegible]pc
Chorley 7⅜pcBd Rd. 3/1/79 3[illegible]pc
Colchester 9¾pcBd Rd. 21/6/78 £5.0353
Congleton 8¾pcBd.Rd. 19/12/79 4⅜pc
Cumberld. Kilsyth 9¾pcBd.Rd. 21/6/78 £5.0353
Dartford 10¾pcBd.Rd. 15/12/82 5⅜pc
Derwentside 9¾pcBd.Rd. 21/6/78 £5.0353
Dundee 7⅜pcBd.Rd. 3/1/79 3[illegible]pc
Duport 2.67115p
Durham 7⅜pcBd.Rd. 3/1/79 3[illegible]pc
East Devon Var. Rt. Bd. 15/12/82 £3.875
Erewash 7⅜pcBd.Rd. 3/1/79 3[illegible]pc
Etterick Lauderdale 10¾pcBd.Rd. 15/12/82 5⅜pc
Falkirk 9¾pcBd.Rd. 21/6/78 £5.0353
Fife 9¾pcBd.Rd. 21/6/78 £5.0353
First Castle Secs. 1.4851p
Forest Heath 7⅜pcBds.Red. 3/11/79 3[illegible]pc
Greater Manchester 7⅜pcBds.Red. 3/1/79 3[illegible]pc
Greater Manchester Passenger Transport Executive 7⅜pcBds.Red. 3/1/79 3[illegible]pc
Greenwich 7⅜pcBds.Red. 3/1/79 3[illegible]pc
Gwent 7⅜pcBds.Red. 3/1/79 3[illegible]pc
Harborough 9¾pcBds.Red. 21/6/78 £5.0353
House Prop. of London 1.75p
Inverness 7⅜pcBds.Red. 3/1/79 3[illegible]pc
Kennet 7⅜pcBds Red. 3/1/79 3[illegible]pc
Kirkaldy 9¾pcBds.Red. 21/6/78 £5.0353
Lanark 9¾pcBds.Red. 21/6/78 £5.0353
Lancashire 7⅜pcBds.Red. 3/1/79 3[illegible]pc
Lliw Valley 9¾pcBds.Red. 21/6/78 £5.0353
Mid Lothian 7⅜pcBds.Red. 3/1/79 3[illegible]pc
New Forest 9¾pcBds.Red 21/6/78 £5.0353
North East Fife 9¾pcBds.Red. 21/6/78 £5.0353
North (M.F.) 0.662p
Runnymede 9¾pcBds.Red. 21/6/78 £5.0353
Rushcliff 8¾pcBds.Red. 19/12/79 4⅜pc. 9¾pcBds.Red 17/12/80 4[illegible]pc
Salford 9¾pcBds.Red. 21/6/78 £5.0353
Sandwell 7⅜pcBds.Red. 3/1/79 3[illegible]pc
Scunthorpe 7⅜pcBds.Red. 3/1/79 3[illegible]pc
Sedgefield 9¾pcBds.Red. 21/6/78 £5.0353
South Staffordshire 9¾pcBds.Red. 21/6/78 £5.0353
South Yorkshire 8¾pcBds.Red. 19/12/79 4⅜pc
Stroud 7⅜pcBds.Red. 3/1/79 3[illegible]pc
Suffolk 9¾pcBds.Red. 21/6/78 £5.0353
Teignbridge 8¾pcBds.Red. 19/12/79 4⅜pc
Tonbridge and Malling Variable Rate Bds. Red. 15/12/82 £3.875
Tweedale 7⅜pcBds.Red. 3/1/79 3[illegible]pc
Urquijo Intl. N.V. Gtd. Fltg. Rate (Notes due 1981) U.S.$39.50
Wakefield 9¾pcBds.Red. 21/6/78 £5.0353
Wansbeck 9¾pcBds.Red. 21/6/78 £5.0353
West Somerset 7⅜pcBds.Red. 3/1/79 3[illegible]pc
West Wiltshire 7⅜pcBds.Red. 3/1/79 3[illegible]pc
Woodspring 7⅜pcBds.Red. 3/1/79 3[illegible]pc
Wyre Forest 9¾pcBds.Red. 21/6/78 *£5.0353.*

THURSDAY, JUNE 22
COMPANY MEETINGS—
Booth Intl. Piccadilly Hotel, Piccadilly W., 12
House of Fraser, Merchants House, 30 George Square Glasgow, 12
Laing (John), Main Hall, Dacorum District Council Pavilion, Hemel Hempstead, 2.15
Mallinson-Denny, 130, Hackney Rd., E.C. 12
Marks and Spencer, Hotel Inter-Continental *1 Hamilton Place Hyde Park Corner W.*, 12
Miller (F.) Textiles, 13 Bath Street, *Glasgow* 12
Morgan Crucible, Cafe Royal, 68, Regent Street W., 11.30
Mothercare, Winchester House, 100, Old Broad Street E.C., 11

BOARD MEETINGS—
Finals:
Assctd. Television
Baker Perkins
Beechwood Construction
British Steam Specialties
Continental and Industrial Trust
Crest Nicholson
Edbro
London and Liverpool Tst.
Lyons (J.)
Racal Electronics
Sheepbridge Eng.
Tunnel Hldgs.
Interims:
French (Thomas)
Henlys
Lee (Arthur)
Lonsdale Universal
Lookers
Vectis Stone

DIVIDEND & INTEREST PAYMENTS—
American Association 3p
Ashford 13¼pcBds.Red. 16/6/82 6[illegible]pc
Bedfordshire 12¾pcBds.Red. 18/6/80 6[illegible]pc
Beverley 11¾pcBds.Red. 20/6/79 5[illegible]pc
British Printing Cpn. Lns. 3¼ 4¼ 4½pc
Calderdale 12¾pcBds.Red. 18/6/80 6[illegible]pc
Cleveland 13¼pcBds.Red. 16/6/82 6[illegible]pc
Derby 12¾pcBds.Red. 18/6/80 6[illegible]pc
Fashion and General Inv.Ord. 3p
Grimsby 11¾pcBds.Red. 20/6/79 5[illegible]pc 12¾pcBds.Red. 18/6/80 6[illegible]pc
Hammersmith 12¾pcBds.Red. 18/6/80 6[illegible]pc
House of Fraser 3.0776p
Hurst (Charles) 3.3p
Ipswich 12¾pcBds.Red. 18/6/80 6[illegible]pc
Knowsley 11¾pcBds.Red. 20/6/79 5[illegible]pc
Laing (John) Ord. and A. 1.86875p
Lothian 11¾pcBds.Red. 20/6/79 5[illegible]pc
Milton Keynes 12¾pcBds.Red. 18/6/80 6[illegible]pc
Scottish Mort. and Trust Ord. 2.1p
Selected Risk Inv. S.A. 25 cents
South Hams 12¾pcBds.Red 18/6/80 6[illegible]pc
Thurrock 13¼pcBds.Red. 16/6/82 6[illegible]pc
West Norfolk 11¾pcBds.Red. 20/6/79 5[illegible]pc

FRIDAY, JUNE 23
COMPANY MEETINGS—
Bulmer and Lumb, Victoria Hotel, Bradford, 12
Coats Patons, Merchants Hall, 30 George Square Glasgow, 12
Cory Horace Nathan Way S.E., 12
Helene of London Berners Hotel, Berners Street, W., 12.
House of Lerose, Buckingham Suite, Royal Garden Hotel W., 12

BOARD MEETINGS—
Finals:
Austin (E.) (London)
Brown (J.)
Norcros
Rediffusion
Scapa
Interims:
News International

DIVIDEND & INTEREST PAYMENTS—
Aberdeen Trust Ord. 1.75p
Bamfords 0.44p
Cheseborough-Ponds 23½ cents
East Surrey Water Ord.A.7pc(Fmly.10pc) Max. 3.5pc Max. 3.5pc. Ord.B.4.9pc(Fmly.7pc) Max. 2.45pc. Ord.C.3.5pc(Fmly.5pc) Max. 1.75pc. 3.5pc(Fmly.5pc) Pf. 1.75pc. 3.15pc(Fmly.4½pc)Red.Pf. 80-85 1.575pc. *4.2pc(Fmly.6pc)Red.Pf. 85-90* 2.1pc. 4.55pc(Fmly.6½pc)Red.Pf. 81-83 2.275pc 5.6pc(Fmly.8pc)Red.Pf. 92-94 2.8pc
Goodrich (B.F.), 33 cents
Haden Carrier 5.045p
M. and G. Group 1.512p
Miller (F.) Textiles 0.7283p
Peachey Prop. Cpn Db. 3½pc
Miller (F.) Textiles 0.7283p
Pfizer Inc., 30 cents
Sphere Inv. Trust 1.25pc
Ynys Mon Isle of Anglesey 7⅜pcBds.Red. 3/1/79 3[illegible]pc

SATURDAY, JUNE 24
DIVIDEND & INTEREST PAYMENTS—
Agricultural Mort. 12¾pcBds.Red. 27/6/80 6[illegible]pc
Johnson, Firth Brown Ln. 4½pc
Manchester 3pcRed.Cons. 1928 1½pc
Manchester 3pcRed Cons. 1928 1½pc. 4pc Red Cons.Irred. 2pc
Metropolitan Water Board (Kent W.W. 3pcDb.) 1½pc
Wadham Stringer 1.21p

Bonus for early retirement

A TAX-FREE allowance of £35-a-week will shortly be given to people who, in their final year at work, give up their jobs to the *unemployed, Mr. John Golding,* Parliamentary Under-Secretary *for Employment said.*

The present job-swappers tax-free allowance is £26.50.

"From July 1, the allowance under the job release scheme for a married person with dependants goes up to £35 a week. That is quite a nice sum for putting your feet up that much earlier," Mr. Golding *told staff* at the careers service in Leeds.

On Yorkshire and Humberside *5,550 people* have already taken advantage of the job-swap scheme, which has been in operation for 18 months. The allowance was originally £23 a week and was later raised to £26.50.

Companies expect higher turnover

MORE THAN 60 per cent of North West companies taking part in an economic survey expect turnover to increase during the next three months. Fewer than *half expect profits to increase* and 24 per cent say their business will be less profitable.

These figures come from the first quarterly economic survey by Manchester Chamber of *Commerce and Industry.* Eighty-four companies took part in the survey.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
June 20—23	Royal Highland Show	Edinburgh
June 22	International Body Repair Industry Exbn. plus International Conf. on Crash Repair	Heathrow Hotel
June 25—29	First International Frozen Foods Conf. and Exbn.	Olympia
June 26—28	Temperature Measurement and Control Ex. & Conf.	Wembley Conf. Centre
June 26—28	Transducer '78	Wembley Conf. Centre
June 27—28	EIA Engineering Exhibition	Metropole Centre, Brighton
June 27—29	Leeds Electronics Exhibition	Leeds University
June 27—29	Security and Protection Exbn. and Conf.	Leicester
June 28—29	Solid Waste Management Conf. and Exbn.	Dome, Sheepcote Vlly, Brgton.
June 28—29	Royal Norfolk Agricultural Show	New Costessey
July 2—6	Royal Show—National Agricultural Centre	Kenilworth
July 5—7	Motortradex '78—Exbn. for retail motor trade	Bristol
July 11—13	Great Yorkshire Agricultural Show	Harrogate
July 11—14	BMA Annual Pharmaceutical Exhibition	Cardiff
July 12—29	Royal Tournament	Earls Court
July 19—30	World Wine Fair	Bristol
July 21—29	Middle East Business Expo '78	Grosvenor House Hotel, W.1
July 24—29	Brighton Antiques Fair	Corn Exchange, Brighton
July 25—27	Royal Welsh Show	Llanelwedd

OVERSEAS TRADE FAIRS AND EXHIBITIONS

June 20—24	International Wine Exhibition	Basle
June 24—30	International Dairy Equipment Exbn. and Conf.	Paris
June 27—30	Public Transport Systems in Urban Areas, Exbn. and Conference	Göteborg
June 27—30	*Offshore Brazil Exhibition*	Rio de Janeiro
July 2—9	International Rehabilitation of the Handicapped, Exbn. and Congress	Basle
July 4—6	Third Int. Conf. and Exbn. on Marine Transport using Roll-on/Roll-off Methods	Hamburg
July 10—14	First International South African Training and Education Symposium and Exhibition	Johannesburg
July 18—26	Photographic and Audio Visual Exbn.	Tokyo
July 25—Aug. 20.	*International Fair*	Damascus

BUSINESS AND MANAGEMENT CONFERENCES

June 20	British Institute of Management: *Energy 2000*	Mount Royal Hotel, W1
June 20	CAM Foundation: Creating New Opportunities for Business	Kent House, SE1
June 20	Oyez: Selling to Consumers, and the Law	Royal Garden Hotel, W8
June 20—21	Maryland University: International Barter Trade *Seminar*	College Park, Maryland, U.S.
June 20—22	National Engineering Laboratory: Int. Conference on Computer Aided Manufacture	East Kilbride
June 20	Inst. of Cost and Management Accountants: Financial and Management Accounting for *Non-Financial Managers*	Manchester
June 20—21	Anthony Skinner Management: Practical Pricing *Policies*	Cafe Royal, W1
June 21	Henley Centre for Forecasting: Forecasts for the Common Market	Carlton Tower Hotel, SW1
June 21	Agra Europe (London): *Potato Futures* Conference	Baltic Exchange, EC3
June 21	Royal Statistical Society: Paper on "Business Statistics—A Decade of Central Collection"	*Keppel Street, WC1*
June 22	Centre for Interfirm Comparison: Management Ratios and Interfirm Comparison	Parker Street, WC2
June 22	Oyez: *Profit Sharing*	Royal Lancaster Hotel, W2
June 22—23	AMR International: Managing U.S. Operations	Kensington Close Hotel, W8
June 23	Risk Research Group: Captive Insurance Companies	Tower Hotel, *E1*
June 23	Oyez: Executive Remuneration	Intnl. Press Centre, EC4
June 25—30	British Transport Staff College: Industrial *Relations Course*	*Woking*
June 26	European Study Conferences: Energy Conservation in Distribution Operations	Hilton Hotel, W1
June 26—27	Financial Times: Scottish Finance and Industry	Edinburgh
June 26—28	Canadian Society of Petroleum Geologists: Inter*national Petroleum Geology Workshop*	*Calgary, Alberta*
June 26—28	First International Frozen Food Industries Conf.	Royal Lancaster Hotel, W2
June 26—29	PE Manufacturing and Personnel: Marketing Management	Egham, Surrey
June 27	Executant: Weights and Measures Legislation	Hotel Russell, WC1
June 27	*European Study Conferences: How to Increase Royalty Payments*	Kensington Palace Hotel, SW1
June 27	Robert Vince Org.: Lie Detector Seminar on the *Voice Stress Analyser*	*Inn on the Park, W1*
June 28	Oyez: Planning for Superstores	Royal Garden Hotel, W8
June 28	Executant: Business and Politics	Hotel Russell, WC1
June 28—30	London Chamber of Commerce: An appraisal seminar on the 1978 Budget and its effects *on commerce and industry*	Cannon Street, EC4
June 28—30	International Centre for Continuing Education: Minicomputers and distributed processing	Sheraton, Copenhagen
June 29	New York University: Injection Moulding	London Hilton, W1
June 29	AGB Conference Services: The Law Relating to *Dismissal*	
June 29—30	Oyez: District Shopping Centre Development Documentation and Finance	Intl. Press Centre, EC4
June 29—30	*Metropolitan Pensions Association: Pensions in Focus*	Royal Garden Hotel, W8
June 29—30	Oyez: European Investment in United States Real Estate	*London Penta Hotel, SW7*
June 29—July 2	Retirement Counsellors: Planning for Retirement	Trinity College, Cambridge
June 30	Lloyd's of London Press: The Pearson Report—implications for Insurers	Carlton Tower Hotel, SW1
		Cornhill Manor Htl., Towcester

The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

How managers are struggling to make themselves heard

THAT MANAGERS and professional staff are now the biggest growth area for trade unions could be seen as evidence of what appears to be a widely held view—today's manager is a pretty disconsolate beast.

But managers have not just been throwing in their lot with the established TUC unions—ASTMS is the obvious example—and TASS and APEX as well. *There has also been a swelling* in the ranks of non-affiliated unions such as the UK Association of Professional Engineers (UKAPE). Perhaps most interesting has been the growth of managers' associations, often sneeringly referred to as "sweetheart unions," or worse, by their bigger TUC brothers.

What is clear is that more and more managers are departing from their traditional individualist roles and are seeking the strength of collective representation.

Dilemma

The dilemma facing managers is complex. It is not just a question of whether they should join a union or a managers' association, but whether their interests are best represented within the TUC orbit or elsewhere. The trouble is that the elsewhere is practically nowhere.

There are some signs that alternative groupings are struggling to make their voices heard. In January this year for instance, the British Medical *Association formed the MPSLG* (Management and Professional Staffs Liaison Group) when doctors making representations to the Government were told that they were not speaking on behalf of very many people. The MPSLG is a fairly loosely knit framework and includes the National Unilever Managers' Association (NUMA), the British Dental Association, the Confederation of Employee Organisations, and the Association of Professional Scientists and Technologists.

Another, and a darker horse altogether, is the British Institute of Management. One thought which has recently gained some favour within the corridors of the BIM's Management House is for a link-up with the management associations, with the BIM acting as an umbrella organisation.

All negotiations and representations at a company level would continue to be conducted by the individual associations, but the BIM would make national representations on their behalf, to government. The appeal to the BIM is obviously enormous because of the gains it could make in both membership and political authority. For the management associations, there would be the strength of the BIM's established reputation.

But the BIM would have to overcome considerable resistance, both internal and external if it were to undertake such a radical step.

Many of these issues were very much in evidence last month, when over 200 managers from industry gathered at a conference organised by the Institution of Works Managers to discuss their problems and to compare the relative merits of trade unions and management associations.

There was broad agreement as to why managers were seeking collective representation. As Chris Hayward-Jones, general secretary of the Shipbuilding and Allied Industries Management Association (SAIMA) told the conference: "Over a period of years, as a result of government incomes policies and shop-floor trade union pressures for single status, managers in shipbuilding, as elsewhere, have experienced a progressive erosion of differentials between themselves and their subordinates.

"The spread of collective bargaining and the increasing power of the trade unions has brought about a steady diminution of the status and authority of middle managers who, as an unorganised body, frequently found themselves bypassed in the negotiating and consultative process and having to implement decisions which they themselves have had no power to influence."

Where the managers at the conference were not so unanimous in their opinions was on the type of organisation which would be best for them to join in order to gain effective representation.

Chris Hayward-Jones explained why managers in the shipbuilding industry had chosen to form their own managers' association in preference to joining an established, and already recognised, union.

By being in the same union as their subordinates, he said, managers could face difficulties in their working relationships especially if there were a conflict between unions and the employer. He pointed out that a manager held a dual role—as an employee and as an agent of the employer. In addition, many managers belonged to professional bodies and had to comply with ethical rules; they feared they could be called upon by their union to take part in action "which they might consider to be at variance with their managerial or professional obligation."

Frank Morley, vice-chairman of the National Unilever Managers Association, noted a similar trend in the private sector and pointed out that virtually all large companies had shown a tendency to drift towards bureaucracy and standardisation. "It is almost with reluctance that managers have recognised this, as the implications are frustrating to the individualism which most managers cherish."

Another example at the conference of managerial frustration was the extent to which legislation supported trade unions and eroded the standing of individual managers.

The shipbuilding managers thought that none of the 13 CSEU unions in their industry were suitable to represent managers across the whole range of functions, as they were all largely craft unions. "We felt it to be vital that managers across the industry, irrespective of their individual function, should have common interests which override functional boundaries, and should be represented by a single organisation which would coherently express their collective point of view."

Influence

The managers were not attracted to a trade union which was affiliated to a political party —"or was run by extremists," he said.

Hayward-Jones also pointed out that managers would have little influence on any of the CSEU unions, if they joined. The unions would be predominantly composed of non-managerial staffs, whose interests differ from those of managers —and since they were in the majority, they would prevail.

SAIMA was formed in 1975 and in December last year joined John Lyons' Engineers' and Managers' Association (EMA) which is affiliated to the TUC. Although SAIMA boasts a 70 *per cent* membership among managers, it is struggling for recognition by British Shipbuilders against stiff opposition from the might of CSEU.

The shipbuilders' management association was organised along very similar lines to the Steel Industry Management Association, which represents over 12,000 middle and senior managers in the British Steel Corporation. It was the general secretary of SIMA, Robert Muir, who provided the conference with what to some was the unpalatable fact that single industry management associations are faced with a credibility problem.

"We are quite clearly a trade union of managers," he emphasised, going on to say that a management association has to choose between being crusading and being compliant. "We at SIMA have had to stand our ground and resorted to industrial action in 1974. Managers must be able to take action and must be seen as willing to take it."

A similar, although markedly less strident view, came from the private sector's National Unilever Managers' Association. "It has been suggested that some companies have pre-empted the genuine unionisation of managers by establishing controlled managers' associations which masquerade as independent unions," said vice-chairman, Frank Morley. "No doubt there are examples of such marriages of convenience but they must be regarded as a temporary expedient which cannot survive in the long term."

Morley said that a non-aggressive attitude between a company and its managers' association should not be misinterpreted as a conspiracy between them, or the acceptance of domination by the company, a comment which might be viewed with some cynicism by seasoned trade unionists.

"It would be foolish to deny," added Morley, "that the threat of sanctions is not an essential part of the negotiating stance, but once managers have demonstrated an ability to act as a collective body and have the same protection as other unionised employees, it does not require the adoption of a truculent attitude or a cacophany of sabre-rattling to convince employers that managers can react effectively if provoked."

There was a marked difference of opinion at the conference about whether management associations should gravitate towards the TUC or away. The shipbuilders (SAIMA) have joined the TUC through their merger with the already affiliated Engineers and Managers Association, formerly the Electrical Power Engineers Association.

The steel managers, SIMA, last month applied to the TUC for affiliation, a move precipitated by their annoyance at being excluded from plans to introduce greater employee participation at the British Steel Corporation.

At the conference representatives of both associations urged *other managers "to get into the* TUC—that is where the power is —and influence it from the inside."

Reluctant

A number of managers expressed considerable doubts about the effectiveness of this course. As one put it: "I think it is a little naive and a little patronising. Even supposing half a million managers joined the TUC, what influence would they have . . . we've already agreed *our interests* are different, that's why we are reluctant to join traditional unions, for that very reason."

The alternative, according to a number of speakers at the conference, was to group management associations together: the most frequently mentioned example was the MPSLG (Management and Professional Staffs Liaison Group), which was initiated by the doctors, but includes other professions and managers' representatives.

The future unionisation of managers is far from certain, or settled. While the existing established organisations fight for the whip hand, there is an alternative: a new body representing managers collectively. There is far too much uncharted territory ahead for one to be able to predict, but it might be worth watching to see if BIM chooses to pick up such a hot potato. Or indeed if its members or managers in general would wish it to.

Jason Crisp

EXECUTIVE HEALTH — BY DR. DAVID CARRICK

Making sure the high fliers get the right jab for the job

AN INCREASING number of executives, like migratory birds with faulty directional equipment, spend much of their time flying from their own homes to alien lands scattered throughout the globe and darting back again. This is in the name of business and is, doubtless, of the greatest benefit.

Unlike holiday-makers, to whom flying abroad is a rarity, many of these executives embark upon their endless, intermittent Odysseys as casually as lesser folk catch buses. They tend to develop a consuetudinal attitude to the exercise which is fine so long as they do not forget vital precautions. Just because journeys from, say, Britain to Bolivia seem far less daunting than trips from Liverpool Street to Llandudno, so speed and ease likewise have not eliminated the dangers of certain diseases which, if not always fatal, are singularly unpleasant and debilitating.

Immunisation against specific diseases is statutory and, without valid certificates, the debonair traveller (who can so easily forget to check) may be refused entry to other countries or, in certain places, may be admitted only after immunisation has been performed by local officials. Not only may this prove outrageously expensive, the amateur vaccinator may have only a rudimentary knowledge and the results can be unpleasant.

. . . the amateur vaccinator . . .

Apart from the compulsory immunisations, prophylactic methods should be adopted against other equally serious diseases. But only a fool, one might imagine, would ignore the chances of being smitten by diseases simply because no law exists to enforce protection against hostile organisms.

Of the statutory immunisations, there are but three: vaccination against smallpox, and immunisation against cholera and yellow fever. *Although smallpox is supposed* (by WHO) to be virtually extinct, many countries, particularly a majority of African republics, insist that visitors possess valid certificates. Necessary or not, this is a fact, and ignoring advice may cause great inconvenience. Immunity against smallpox lasts three years from vaccination. Reactions are uncommon and vaccination is contraindicated in very few circumstances.

Immunisation against cholera, which disease, in its Asiatic form, killed countless numbers during the 19th century, is required by many countries. The El Tor variety, which is the usual one nowadays, is much less severe: but, unless proper remedies are applied to victims (as will always be instituted in sophisticated countries), this may cause death. Immunisation against the causative bacillus is by two injections four weeks apart. Immunity of up to 50 per cent lasts for only six months. Reactions are rare and usually take the form of tenderness, redness and swelling of the target area.

Protection against yellow fever, a most dangerous disease carried by the Aedeis aegypti mosquito, which thrives in much of Africa and in Central South America, is provided by one *injection and immunity lasts* for ten years. This immunisation *cannot* be given concurrently with that involving another live virus (e.g., smallpox or poliomyelitis) and should precede either of the others by seven to 14 days. Immunisation can only be carried out at specially designated centres in the UK.

But immunisation must also be considered by travellers aiming for countries where none of these diseases exist. It is very likely that, during their journey, there may be scheduled or unscheduled stops in countries where the infection exists, for the casual organisms do not discriminate between visitors and stop-overs. Even if the voyager is not attacked, there is still a likelihood that officials at the place of disembarkation may require valid certificates simply as a wise precaution.

Illnesses against which protection is advisable include malaria, poliomyelitis, typhoid, and tetanus, for which no certificates are required. These will be discussed in the next article. As to the others already described, it cannot be emphasised too often that frequent travellers *must* make sure that they keep up to date with their immunisations so as to avoid angry frustration and dis*appointment. And, statutory or* not, no journey to dangerous parts should be undertaken without protection. Setting business considerations above health is as stupid as it is forlorn, and a dead executive is profitable only to the undertaker.

LOMBARD

Why the country is booming

BY SAMUEL BRITTAN

THE UK is enjoying the nearest thing to a boom that it has experienced since the puncturing of the Heath boom by the oil crisis of late 1973. You can look at almost any statistical series you like and you will come to the same conclusion.

Industrial production in the six months to last April has risen at an annual rate of nearly 5½ per cent. Retail sales volume was on the same basis nearly 8 per cent up. These indicators are still well below their 1973 peaks and there is no evidence of any long term growth; but the boom is definitely there.

Vacancies

Unfilled vacancies—probably still the best indicator of the general state of demand—have recovered to their highest level since the winter of 1974-75. Export volume is expected to be well up in the second half of 1978, according to an official poll of large companies. The DTI's spring survey shows an expected upturn in manufacturing investment of 10 to 13 per cent in 1978—although still not enough to regain the 1970 peak. Judging from anecdotal evidence among industrialists I would expect the next CBI survey to be markedly optimistic.

Indeed after so many years in which the Budget forecast has overstated real growth there is an excellent chance that the 1978 forecast of 3 per cent will prove an underestimate of the actual rise on GDP; and given the low underlying rate of productivity growth, unemployment should be falling fast.

What accounts for the change? The cynical but wrong answer would be "The imminence of a General Election." A more realistic response would be that there is to be an election this autumn because the economy is booming.

The proximate cause of the boom is the surge in real personal incomes. According to the National Institute, average earnings in 1978 should be up by over 13 per cent. With increases in employment, social security payments and tax reliefs, the rise in personal disposable income should come to over 15 per cent. This compares with a retail price rise between 1977 and 1978 estimated at just over 9 per cent.

But this still does not take us very far. Why have real incomes and spending risen so? Since the mid-1970's most Government attempts to boost the economy have become badly unstuck. A first clue is given by the chart of the real money supply—that is, the money supply divided by the price index. This indicator gave forewarning of the depressed condition of the mid-1970s but has been strongly positive since the summer of 1977.

But this is still only half an answer. For the authorities can only control the nominal money supply, not the real one. The dramatic element which has changed has been the fall in the inflation rate from 16 per cent in 1976 and 1977 to its present levels.

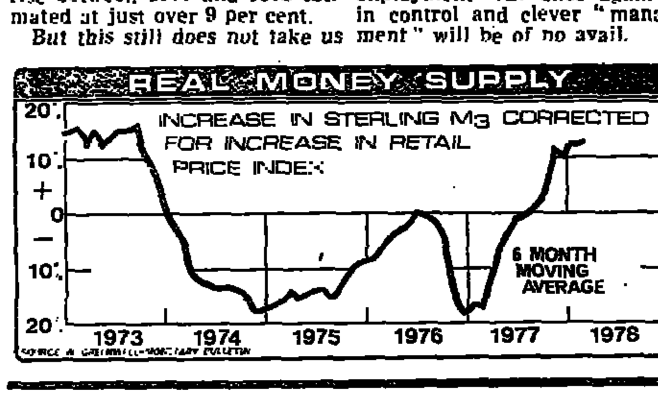
This dramatic drop can hardly be due to pay policy—we have had very similar pay norms since 1975. The big change has been the turnaround in the effective sterling rate, which changed course from a sharp downward trend up to the last quarter of 1976 to a pronounced upward movement lasting until this February. (The moderate relapse this spring has not yet affected prices or wages).

Sterling

The improvement in sterling was itself due to the turn-round in confidence after the IMF agreement of December 1976 and the first main impact of North Sea oil on the current account. Both these are once-for-all bonuses. From 1979 onwards inflation will bear a more normal relation both to money supply and growth and the increase of money earnings. This means that real demand will also slow down (if not by as much as the National Institute fears): and the Keynesian establishment is clearly beginning to clamour for further stimuli, whether from a world boost at the July summit, UK import controls or anything else available.

An alternative conclusion is that 1978 has been an exceptional year in which a demand stimulus—due basically to the foreign exchange markets rather than the Chancellor—has been possible. By 1979 the underlying forces limiting output and enployment will once again be in control and clever "management" will be of no avail.

REAL MONEY SUPPLY



THE WEEK IN THE COURTS

Progress towards more open government

BY JUSTINIAN

SEVEN YEARS ago the Franks Committee was set up to examine section 2 of the Official Secrets Act 1911 — that catch-all provision that makes the unauthorised disclosure of both serious and trivial information from government sources a criminal offence. In Parliament last Thursday the Government repeated its promise to publish a White Paper during this parliamentary session indicating its proposals for legislation.

Simultaneously, the Foreign Secretary announced that in future he would make available working papers on which certain foreign policy decisions had already been taken. Thus the two aspects of the "open government" debate — a much more narrowly defined restriction on penal sanctions for revealing State "secrets" and the establishment of a public right to government information—were placed in juxtaposition. It has not always been the case.

Political

The Franks Committee in its report in September 1972, emphasised that its examination of the situation in this country suggested strongly that openness in government depended on political and constitutional factors rather than on legal provisions. It thus declined to consider legislation based on the lines of the United States laws on public access to official documents, "because such a suggestion raised important constitutional questions going beyond our terms of reference." The growing clamour for something comparable to the U.S. Public Information Act 1967 has now elevated the discussion about the place of the criminal law as a stick with which to beat the leakers of confidential governmental information, into an issue of high constitutional importance. A Labour Party Committee is on the point of producing a Freedom of Information Bill: the Conservative Party is studying the subject with a similar aim in mind: and a voluntary body is known to be producing its solution. What are these propospals likely to be?

The U.S. legislation requires only that identifiable documents should be made available to the public for inspection and copying. There are nine exceptions to the rule of availability. The nine are: defence and foreign policy secrets specified by Executive Order; internal personnel rules; matters expressly excepted by Statute; privileged or confidential trade or commercial information; privileged intra-governmental documents and correspondence; disclosure of personal and other files that would constitute an unwarranted invasion of privacy; law enforcement (mainly police) regulations; reports relating to supervision of financial institutions; and, quaintly, geological and other data concerning wells.

The U.S., additionally, has penal Statutes dealing with espionage (equivalent to our Section 1 of the Official Secrets Act, 1911, providing for the offence of spying) and concerning Government information. Thus the law generally prohibits disclosure by public servants of confidential information about private business affairs, by which is meant the unlawful disclosure of trade secrets and other business information. There are also a number of other provisions prohibiting the disclosure by persons other than public officials of certain narrowly defined types of information. A typical example prohibits the disclosure of information by bank examiners without authority from the bank or Federal Reserve officials.

Attractive as the American solution appears to be, there are grave doubts about how well it has worked in practice. Mr. Leon Brittan, QC and Conservative MP, sounded a warning note about the desirability of going down the American path in this country. His prescription and that of others might find a happier parallel in Swedish law.

Exceptions

In Sweden there are detailed provisions in three inter-related subjects. Every citizen (including public officials and members of the armed forces) has the right of free expression, which includes the publication of official documents. The only exceptions are for the protection of individual rights and public security. Another part of this Swedish Freedom of the Press Act specificially gives every citizen the right of access to official documents. Exceptions to this right are specified in a Secrecy Act.

A general exception to the right of public access is made for working papers and other similar documents prepared by an authority as part of the process of reaching a decision. Such a document becomes publicly available only if, once that decision has been taken, it is placed on permanent record. This seems to be the model for Dr. Owen's pronouncement last Thursday.

Public access

The exceptions to the right of public access contained in the Secrecy Act are not of this general character but related to categories of subject matter. The Act sets out in considerable detail the classes of document that are to be kept secret and the periods for which secrecy is to apply. These classes include documents on certain defence matters, the publication of which would harm the defence or security of the state: documents relating to Sweden's foreign relations: Cabinet records: documents relating to law enforcement agencies, but only if publications would be detrimental to the prevention or detection of crime or to the safety of the State or of an individual; certain Bank of Sweden documents: many kinds of documents containing personal information about individuals (censuses, registration of births, medical reports, social assistance, and criminal records, unless the individual concerned consents to disclosure or the authority holding the information is satisfied that it will not be used to his detriment or his family's); many kinds of documents containing commercial and industrial information; and a variety of other documents, which include official inspection reports, patent applications, documents relating to industrial relations, wage negotiations and court proceedings heard in camera.

The switch in emphasis from the mere scrapping of the theoretically indefensible provisions of the Official Secrets Act to the question of the wider accessibility of governmental information reflects the quest for open government. The days of government by secrecy are clearly numbered.

WORLD CUP BY ANDREW CLAIRE, Buenos Aires, June 18

Why the Argentines take their soccer so seriously

ON THE face of it, the fact that Holland's Rob Rensenbrink scored against Scotland the 1,000th goal of the World Cup finals after 48 years and 11 tournaments, is little more than a curio.

But referee Erich Linemayr's penalty award for a foul by Stuart Kennedy on Johnny Rep in Mendoza is being enshrined in local legend. To the fans, journalists and officials here the 1,000th goal is a World Cup landmark of the greatest magnitude.

It matters not that it was one of only 60 goals in the 24 first-round games—only three more than the record low of 57 in 1966. It matters not that no individual is threatening to reach even double figures, let alone challenge Just Fontaine's total of 13 goals in the 1958 finals.

These statistics are of no importance here — whatever greater significance they may hold in the overall World Cup panorama. The figures that matter are those which improve the image of Argentina's World Cup . . . such as the 1,000th goal.

Image is vital here and the newspapers are the first to admit it. That is why it is easy to make phone calls to London, Paris, Singapore, New York, yet desperately complicated to call Cordoba, Mar del Plata, Mendoza or Rosario. Foreign phone facilities are all tied up with a good presentation of Argentina abroad.

But if technical communications provide a less pleasing impression, personal contact provides the most spontaneously exciting moments of the World Cup.

Last Wednesday's 2—0 win by Argentina over Poland was in Rosario, 130 miles from Buenos Aires, yet within minutes of the final whistle the centre of even the capital began rapidly filling with cars jammed full of young men and women all intent on hell-raising their way through the night.

When Argentina win, you had better walk home. There is no point taking a bus or taxi, unless you want to savour the mind-bending patriotic fervour from close range: the blue and white flags strung across car bonnets, banners madly waving from vehicle windows; crowds massing along the vast central boulevards, singing, chanting, bringing out the drums.

For once, the public's delight proclaims that Argentina has something to celebrate.

One woman in curlers, standing on the pavement watching the deafening cavalcade roll past, told me: "We hear on the BBC news about Argentina that is all bad, bad, bad. But there is so much here that is good, too."

And, with something to enjoy, the Argentines, literally, go to town, even after their 1—0 defeat by Italy the fans were there in their thousands. Admittedly they were a little slower to get out and about.

The other night not only the roads but the pavements were jammed too, whole families came out standing around, even with little children wrapped in blankets and clearly snatched from sleep to join the fiesta, as the paper snow floated down around them from the high-rise flats.

Jubilant chaos

In Britain the Sunday reception a city grants its FA Cup-winning team is held in high regard, but there is no real comparison.

In the British case it is a parochial affair, and it is one club around which jubilant chaos reigns. But the World Cup—and this one in particular—is not about mere clubs. It is about patriotism, and the Argentines, for all that they are a comparatively new and mixed-up people, take pride in their nation and express their feelings through their reaction to the achievements of their team.

These reaction manifest themselves in many ways. One of the most unusual, for British visitors, is to hear the national anthems of both teams applauded, instead of whistled and jeered, before a match.

In the Press Centre, where journalists gathered to watch a close-circuit relay of the Poland-Argentina game, the Argentine journalists all leaped to their feet and stood to attention as their anthem was played 130 miles away.

All this serves only to echo the words of a Uruguayan who once explained the South American attitude to soccer this way: "You Europeans have your traditions, your fine old buildings, and your history. We have our football."

And football is much more than a game here. It is part of the lifeblood of the country, the equivalent of the Englishman's football, cricket and politics all rolled into one, with all the social implications.

For example: many of the major Buenos Aires clubs are heavily in debt, owing the Government money in back tax and pension fund contributions. Every now and again a well-meaning official wields a big stick and demands instant repayment.

The clubs merely reply: "To pay up will leave us bankrupt. There would be no football—and where would that leave you?"

The argument is, that if Argentina bow out on or before next Sunday, soccer will suffer and so, in turn, will those minority interest sports which depend upon its clubs and cash for survival.

No wonder Argentina's manager, Cesar Menotti, is a chain smoker. Yet Menotti has remained remarkably cool. Indeed, the only time he became a little perturbed was when journalists attended a training session and he found so many tape recorders and microphones stuck under his nose, up to his chin, and round his ears, that he found it difficult to light the inevitable cigarette.

Security has been tight round the Argentines, inhibitingly so for journalists, hangers-on, even officials and wives and girl friends. Understandably. But these security considerations have been a godsend to Menotti.

Argentina's military junta has refrained from boasting of the chances of World Cup victory. But the tranquillity their show of force provides Menotti, has given him in turn an ideal opportunity to light one final fuse under Argentina's patriotic powder keg.

CRICKET BY TREVOR BAILEY

A new and exciting breed

THE MOST satisfactory feature of the innings played by Botham, Gooch and Gower in the Lord's Test was not so much the runs scored: but rather the manner in which they were acquired. These three young stroke-makers if they do not make the mistake of changing their approach, have the opportunity to bring a style and elegance to the England batting which has been missing for such a long time.

Over the past decade English-born, colourful stroke-makers have become a rare, almost extinct breed. In county cricket the entertainers and the match-winning batsmen almost exclusively came from overseas. At international level we were often short of runs, and, when we did put together a large total it was invariably a utilitarian affair which took a very long time, with occasional bright flashes from Greig and D'Oliveira, who both came from South Africa, and the inventiveness of the all-rounder Knott.

Our two genuine international class batsmen of this period, Boycott and Edrich, were essentially reliable acquirers of runs, effective rather than attractive. The most successful of our other players were grafters, such as Luckhurst and Steele, while Fletcher, who had been bursting with shots when he first entered county cricket, left them all behind at international level and became another accumulator.

Various reasons were put forward for this acute shortage of good and exciting home-grown batsmen. These have included limited-overs cricket and too many players from abroad, and there has been some truth in both, but, I believe, far more important causes have been the cut in the size of staffs before sponsorship came to the rescue, the alarming amount of indifferent coaching by indifferent coaches, and too many pitches where the grafter was more likely to succeed than the stroke-maker, unless he happened to be a genius.

Botham, Gooch and Gower, in their very different ways will, if they continue to make runs, bring supporters through the turnstiles and empty the beer tents, not only here but all over the world. It is beginning to look as if the days when a spectator went to a Test hoping that England would be in the field are over, and to make matters even better, there are a number of other promising youngsters waiting in the wings, such as Tavare, Atthey, Hignell and Larkins.

However, a word of warning as there is a danger of being overcome by the joy of watching stroke-makers again in action for England—a pleasure which has been missing since the days of Dexter, Milburn, and Barber. It must be remembered that this Pakistan attack, especially without Sarfraz is second, probably third rate. It is one thing to destroy this Pakistan bowling, but it could prove an entirely different story against Roberts, Holding and Daniel!

Every team needs balance and, some steady run-accumulators are essential. A Barrington or a Boycott may not be as exciting as a Dexter—but they are just as vital to winning a Test series, often more so.

U.S. OPEN GOLF BY BEN WRIGHT, Denver, Colorado, June 18.

Andy North wins in close finish

ANDY NORTH, a 28-year-old Winconsin born professional is the new U.S. Open Champion and the tallest in history. His rounds of 70, 70, 71, and 74 for a one over par total of 285 gave him a one stroke advantage over Dave Stockton (71, 73, 70, 72) and J. C. Snead (70, 72, 72, 72).

Next at 288 came Hale Irwin and Tom Weiskopf, and at 5 over par Gary Player Andy Bean, Jack Nicklaus, Bill Kratzert and Tom Watson.

The lanky North who has won only one tournament in nearly five years on tour here, was apparently coasting to victory and notably relaxed with five holes to play. At this stage he was four ahead of Stockton, his nearest rival, and five ahead of Snead.

North holed an 8 ft putt for a birdie three at the short par four 13th of 382 yards to put himself in this comfortable position. But he missed the fairway at the long 14th to drop a stroke and as he missed his putt, Stockton was holding a huge one for a birdie two at the 15th to create a sudden two-stroke swing.

Then, North tried to get too clever with his recovery from the bunker to the right of the green at the 208 yards 15th, left the ball in the sand, and came crashing down to earth with a two-over-par five that allowed Stockton to close within one shot of him.

Meanwhile, the rest of the field had dropped away out of contention, beaten senseless by this testing golf course. Tom Weiskopf had a last round of 68, the equal best round of the championship to finish on 288.

At 289 came Tom Watson, who made a brief threat with an outward half of 32, only to falter thereafter, Andy Bean, Jack Nicklaus and Bill Kratzert.

Peter Oosterhuis, the lone Briton, finished with a 74, well down the list at 296.

Playing alongside Gary Player, North whose previous rounds of 70, 70 and 71 have been a model of consistency, immediately got away from his partner, whose putter chose to go sour on him.

North got in a six-foot putt for a birdie at the 4th hole and hit the green with two splendid shots at the 543 yard 5th for another birdie that left the field floundering in his wake at least five shots behind.

The drama of the final hole was almost unbearable in its suspense. First came Stockton, who like North after him drove into the right hand rough away from the water that runs all the way down the left.

Stockton came up short and could not get up and down in two shots to save his par.

North also missed the green and flopped his pitch tamely into the bunker in front of him. He played a marvellous bunker shot 3 ft from the hole but backed away from his final putt no less than twice before nudging it into the hole for a famous victory.

RACING BY DOMINIC WIGAN

Eddery a good bet at 5-1

WITH WHAT appears to be a particularly tricky Royal Ascot in prospect for backers this week, I believe it could well pay punters to throw in their lot with champion jockey Pat Eddery, in a bet offered by the Tote.

The young Irishman, who is riding with as much verve as ever this season is on offer at 5 to 1 by that firm to finish leading jockey over the festival, which opens tomorrow. Lester Piggott, so often the top jockey at the four-day meeting (which does not include Saturday's Heath card), and in need of 15 to achieve a century of Royal Ascot victories, is the favourite at 2-1. Carson is with Eddery on 5 to 1, with Mercer just a point longer. Any other named rider is available at 20 to 1.

Although Piggott's record there and his choice of mounts may well make him a "good thing" in many people's eyes to continue where he left off a year ago, I believe that he will be hard-pushed to head the table, with Vincent O'Brien's stable so completely out of form.

Eddery's principal backer, Peter Walwyn, has his string in fine fettle and it will come as a surprise if Seven Barrows does not land at least a couple of valuable prizes. At present, Eddery's likely mounts for the Lambourn stable include Formidable (St James's Palace Stakes, Tuesday) Camden Town (Jersey Stakes, Wednesday), Buckskin (Ascot Gold Cup, Thursday) and Dactylographer (King Edward VII Stakes, Thursday).

The champion's list of outside rides continues to grow, with bookings already confirmed for Adrian Maxwell's Kirin (Queen Anne Stakes, Tuesday), Mick O'Toole's Birkholm (Wokingham Stakes, Friday), and the Liam Browne-trained Lomond Shoe (Cork and Orrery Stakes, Thursday).

At Windsor this evening Hikari should be good enough to defy a 5 lb penalty in the Fifield Handicap now that he has struck form.

WINDSOR

6.45—Best of Marks
7.10—Track Down
8.05—Hikari**
8.35—Tumbler*
9.05—Pathfinder***

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40-7.55 am Open University. 11.23 Cricket: Second Test: The Cornhill Insurance Test Series: England v. Pakistan. 1.30 Camberwick Green. 1.45 News. 2.10 Cricket: Second Test: England v. Pakistan. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Cheggers Plays Pop starring Keith Chegwin. 5.10 Blue Peter. 5.35 Roobarb. 5.40 News. 5.55 Nationwide (London and South-East only). 6.20 Nationwide. 6.50 World Cup Report. 7.20 Angels. 8.10 Panorama: Chile's Watergate (report on the recent scandal). 9.00 News. 9.25 The Monday Film: "Lady In Cement" starring Frank Sinatra and Raquel Welch. 10.55 Tonight. 11.35 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—1.30-1.45 pm Pili Pala. 5.55-6.20 Wales Today. 11.35 News and Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 10.55 Public Account. 11.20 News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University. 11.00 Play School (as BBC 1 4.20 pm). 4.30 Cricket: Second Test: England v. Pakistan. 6.55 Open University. 7.00 News on 2 headlines with sub-titles. 7.05 Up the Organisation. 7.30 Newsday. 8.15 The Two Ronnies. 9.00 Play of the Week: Kenneth More in "An Englishman's Castle," part 3. 9.50 Race to the North. 10.40 Sea Tales. 11.20 Cricket: Second Test (highlights). 11.50-12.00 Closedown (reading).

BBC 2 Wales only—7.05-7.30 pm Heddiw. 11.50-12.15 am Up the Organisation with Robert Townsend.

LONDON

9.30 am Schools Programmes. 12.00 Jamie and the Magic Torch. 12.10 pm Rainbow. 12.30 News plus FT index. 12.55 Help! 1.00 World Cup '78. [illegible] 2.25 Monday Matinee: "Cronks and Coronets" starring Telly Savalas and Edith Evans. 4.20 Clapperboard. 4.45 The Tomorrow People. 5.15 World Cup '78. 5.45 News. 6.00 Thames at 6. 6.40 Help! 6.45 Whodunnit? 7.30 Coronation Street. 8.00 You're Only Young Twice. 8.30 World In Action. 9.00 The Strangers. 10.00 News. 10.30 The Savage West: "The Culpepper Cattle Co." 12.15 am Close: A painting by Constable with music by Elgar.

All IBA Regions as London except at the following times:

ANGLIA

12.50 pm Anglia News. 2.00 Houseparty. 2.25 Mystery Movie: McMillan and Wife. [illegible] 6.00 About Anglia. 12.15 am Reflection.

ATV

12.50 pm ATV Newsdesk. 2.25 Movies [illegible] starring Deborah Kerr, Rita Hayworth, David Niven [illegible] 6.00 ATV Today. [illegible] The Savage West: "The Culpepper Cattle Co."

BORDER

12.50 pm Border News. 2.00 Houseparty. [illegible] Border News. [illegible]

CHANNEL

12.48 pm Channel Lunchtime News and What's on Where. [illegible] "The Culpepper Cattle Co." [illegible]

GRAMPIAN

9.25 am First Thing. 12.50 pm Grampian News Headlines. [illegible]

GRANADA

12.50 pm Dodo. 2.25 Monday Matinee: "A Cry in the Wilderness." [illegible] Granada Reports. 6.20 This is Your Right. 10.30 Report Politics. 11.00 The Savage West: "The Culpepper Cattle Co."

HTV

12.50 pm Report West Headlines. [illegible] The Savage West: "The Culpepper Cattle Co." [illegible]

SCOTTISH

12.50 pm News and Road Report. 2.25 Monday Film Matinee: "Goodnight My Love." [illegible] 6.00 Scotland Today. 6.30 Crimedesk. 12.15 am Late Call.

SOUTHERN

12.50 pm Southern News. 2.00 Houseparty. 2.25 Monday Matinee: "Tell Me Where It Hurts." starring Maureen Stapleton. [illegible] 12.15 am Southern News Extra.

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines. 12.50 pm North East News and Lookaround. [illegible] 12.15 am Epilogue.

ULSTER

12.50 pm Lunchtime. 2.25 Monday Matinee: "The Purple Plain," starring Gregory Peck. [illegible] Ulster Television News. [illegible] 12.15 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.50 Westward News Headlines. [illegible] Westward Diary. [illegible] "The Culpepper Cattle Co." 12.45 am Faith for Life.

YORKSHIRE

12.50 pm Calendar News. 2.25 Love Story. [illegible] 6.00 Calendar (Emley Moor and Belmont editions).

RADIO 1

247m

[illegible]

RADIO 2

1,500m and VHF

[illegible]

RADIO 3

464m, Stereo & VHF

[illegible]

RADIO 4

434m, 330m, 285m and VHF

[illegible]

BBC Radio London

206m and 94.9 VHF

[illegible]

London Broadcasting

261m and 97.3 VHF

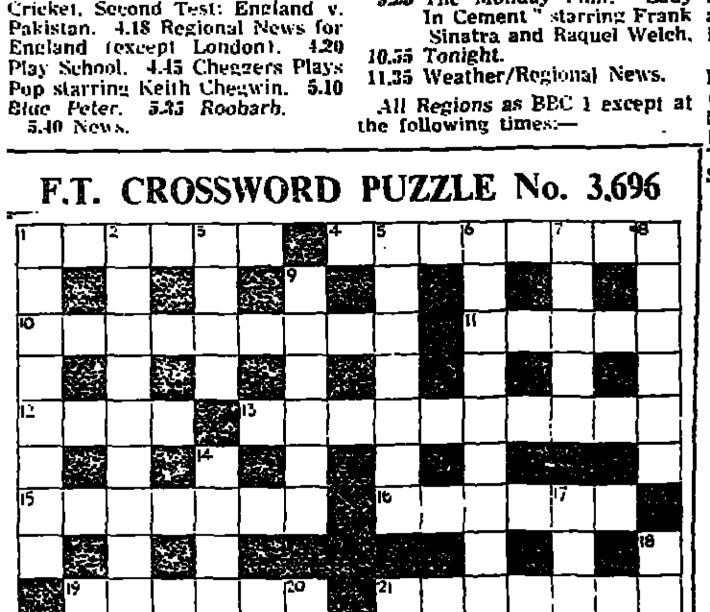
[illegible]

Capital Radio

194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,696



ACROSS

1 Kept by the proud, avoided by the golfer (4, 2)
4 Expression of approval for stolen wares (4, 4)
10 A young girl has the advantage, we hear, in a London district (5, 4)
11 A house where the bad guy drops in (5)
12 Dance for 23—you could run a film on it (4)
13 Achieved by the Vicar of Bray (10)
15 Present chance in India (7)
16 A club for five in less damp surroundings (6)
19 On holiday? Then take a new look at self (6)
21 Upper House member may be involved with treason (7)
23 One of the top Scots (10)
25 Sometimes sinister, but there is point in the plot (4)
27 Touch down at Eton puts colour on your cheeks (5)
28 Cast for the birthday boy (9)
29 Surpasses public works (8)
30 "But, look, the morn in — mantle clad" (Hamlet) (6)

DOWN

1 Autonomy has rising attraction in the house (4, 4)
2 A shrewd measure for a know-all (1, 8)
3 Look in as you pass the tree (4)
5 Stuffed, but not by a taxidermist (7)
6 Out-of-the-way amusements (10)
7 He includes everything in the orchestra (5)
8 Characteristics that upset the artist (6)
9 It's grave to exclude rank (6)
14 A periodic portion this month starts mental disturbance (10)
17 Confidentially the French come in with commonsense (5, 4)
18 The band-out about to disappear—that is not on the level (8)
20 Yearn for the dance? It's popular with batsmen (4-3)
21 "Comes the blind Fury with the abhorred —" (Milton) (6)
22 One day comes to nothing in Scotland (6)
24 Measure of security about you we hear (5)
26 Impersonator seen in Charlie's Aunt (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

هكذا من الأصل

Elizabeth Hall

Allegri Quartet

The Allegri Quartet is a serial affair. As an institution it will reach its 25th anniversary next season, but the players come and go; the senior member these days is the cellist Bruno Schrecker, who joined the group in 1967. Since last year Peter Carter and Prunella Pacey have been respectively the leader and the violist. Yesterday afternoon the first page of Haydn's G major Quartet, op. 76 No. 1, where phrases are tossed from instrument to instrument, showed how closely matched the current team is.

The Haydn got a cheerful, neatly articulated performance, strongest when most contrapuntal though Mr. Carter's solo burst in the trio of the Menuetto was delightful, like someone negotiating a high-wire at comic speed. Next came Ravel's Quartet, not ideally suave; their refusal to languish over its curves was commendable, but they proceeded rather severely through several pretty events in the first movement which deserve an introductory nod or wink. More bloom on their tone would have helped realise Ravel's more luscious effects. His ingenious thematic connections were made unusually clear, and the Finale — certainly the least convincing movement — sounded tautly purposeful, buzzing along electrically.

The largest work was Beethoven's 2nd "Rasoumovsky" Quartet, Op. 59 No. 2. Here one slightly missed a dominating hand, though all the playing was intelligent; the scale of the piece seemed unwontedly domestic, conversational and intricate rather than commanding. The breadth of the opening Allegro was compromised by the Allegri's tendency to clip rests, even the dramatic ones that punctuate the first subject. The Molto Adagio —"con molto di sentimento"— sang mildly and sweetly: one might have taken it for an Andantino. There was enough crisp energy in the Scherzo, and the final Presto was full of *buffo* sparkle, almost Haydnesque. It made an effective performance, but perceptibly underweight. I think the specific gravity of the music calls for a grander manner.

DAVID MURRAY

Peter McEnery, Peter Clough, and John Burgess

Leonard Burt

Warehouse

The Jail Diary of Albie Sachs

by MICHAEL COVENEY

After Nicholas Wright's elegiac lament for the fate of white democrats in the Cape Town of 1952 (*Treetops*, at the Riverside Studios), David Edgar's RSC studio piece arrives as a harsh and unequivocal pay-off. The first 90-Day law has been enforced and Albie Sachs, a prominent white lawyer, is incarcerated without trial. It is Cape Town, 1963. I have not read Sachs's diary (currently out of print) but much of the play, most of it in monologue form, has an authentic ring. It may not tell us as much about South Africa as *Treetops*; but it tells us enough, and it conveys with extraordinary force the feeling of what it must be like to measure out your life against a self-imposed routine of exercise, ablutions, word games, and blank inactivity.

At one point Sachs imagines himself converting his experience into material for a stage play. How could he explain to an audience what it means to stare at a cell wall for hours on end? He would let them just look at an actor for two whole minutes without a word uttered or a gesture formed. Peter McEnery, performing throughout with a graceful flexibility and wry understatement that is *positively spell-binding*, leaves us alone for two interminable minutes by doing nothing. He does nothing better than any actor I have ever seen doing nothing, which must take some doing.

Around Mr. McEnery flits a resourceful company playing jailers, policemen, lawyers and thugs. Particularly good are Peter Clough as a variety of insensitive characters and Edwin Richfield as a Bible-punching sergeant whose response to injustice has been dulled by his experience as an Afrikaaner whipping boy. There is a beautiful speech for Mr. Richfield about Job that is as good as anything Mr. Edgar has written. The encounter leaves Sachs only more depressed; even his whistling companion who joins in snatches of the *New World* symphony along the corridor is revealed with a cruel thud to be a hard-nosed janitor.

At the end of the 90 days Sachs is "released" with suspicious friendliness, but before he can even have a word on the telephone with his mother he is "re-arrested." At the end of *that* 90 days, in the one lighting variation of the evening, he rushes down to the sea, like Roger Daltry in Ken Russell's *Tommy*, joyously declaring his freedom and his name. But nobody knows him, nobody cares. The experience helps him to put his useless pain (as he calls it) into some kind of mature perspective and, as the play ends, we see him finally released and packing his books for England.

If the play leaves me eager to learn more about Albie Sachs, that is not necessarily a fault of the playwright who has written an excellent prison play. Howard Davies directs it with decisive clarity and real care, well supported by Chris Dyer's white skeletal set that suggests both claustrophobic isolation and the labyrinthine corridors of a brutal bureaucracy beyond.

Festival Hall

Lynn Harrell

As their soloist for Friday's visit to the Festival Hall, the Royal Liverpool Philharmonic brought the American cellist Lynn Harrell to play the Dvorak Concerto. Mr. Harrell has become a welcome summer visitor in recent years, yet he can seldom have been heard to such advantage as on this occasion. His playing had a simplicity and directness almost but not quite concealing complete mastery and a kind of natural nobility that had nothing to do with the semi-theatrical poses beloved of some major cellists. Only when the concerto was over did one suddenly and gratefully recall the absence of the moments of technical strain to which most interpreters of the solo part are subject.

One factor contributing to the unusual degree of untroubled serenity was the discreet but not undervitalised accompaniment by the RLPO under their principal conductor, Walter Weller. The long opening tutti was not so satisfactory. Here the tone was thinnish and the upper woodwind squealy as they had been once or twice previously in Smetana's *Vltava*. These are the kind of thing the Festival Hall shows up.

In the Second Symphony of Brahms there was again some sourish intonation and a certain smallness of effect in the first two movements, together with signs that Mr. Weller does not always succeed in unobtrusively keeping the pulse alive in the moderate-to-slow tempos which Brahms prefers. The slow movement went torpid, but from then onwards the better points of the orchestra's style stood out more clearly—delicacy of shading, a general impression of intelligence and a brass section firmly under control.

RONALD CRICHTON

St. George's, Hanover Square

Alexander Balus

by ANTHONY HICKS

In past years at about this time Denys Darlow and his Tilford Bach Festival forces have enterprisingly given a lesser-known Handel oratorio at St George's, Hanover Square, where Darlow is organist. It is a church very much associated with the composer: he worshipped there for most of his life in London. The performances have been valuable adjuncts to the QEH concerts of the Handel Opera Society, providing a different interpretative approach and generally fuller texts. Now Darlow, with industrial sponsorship, has launched a London Handel Festival based on St. George's. It opened on Saturday with the oratorio *Alexander Balus*, and there are concerts every night this week ending with the apparently inevitable *Messiah*. Rarities include the Chandos anthem "Have mercy" and a large Italian cantata, and a good admixture of works by Bach, Vivaldi and other contemporaries fills out the programmes.

Alexander Balus is quite a rarity in itself, though there was a respectable performance by the HOS two years ago and an inadequate recording in German was once available. The story of an ill-fated marriage between a usurping Syria king and Cleopatra, daughter of the King of Egypt, is not an obvious choice for an oratorio; but Handel and his librettist Thomas Morell having scored a hit with *Judas Maccabaeus* in 1747, doubtless thought a further episode from the Apocryphal First Book of Maccabees was worth a try. Unfortunately Morell's text is clumsily constructed.

The first two acts are almost entirely given over to anticipating the wedding of Alexander and Cleopatra, with vague hints of something dire to come; not until the middle of Act 2 does Cleopatra's father Ptolemee suddenly reveal he has cynically set up the whole thing to gain a foot-hold in Syria. In Act 3 the plot finally gets moving and turns to tragedy. Ptolemee and Alexander, now opposed, both die in battle leaving Cleopatra betrayed, widowed and fatherless.

Handel was somewhat fitfully inspired, but judicious pruning of the dead-wood leaves enough engaging music to make a satisfying evening. Gaily orchestrated choruses for the sun-worshipping Syrians are nicely contrasted with the more solid, contrapuntal interjections of the Israelites, and Cleopatra's music touchingly conveys a full range of emotion from cautiously awakening love to the mounting despair of her last scene: grief gives way to calm, unearthly resignation in the best-known number in the work, "Convey me to some peaceful shore."

Darlow directed a pleasant and fair exposition of the oratorio. The amount of cutting was about right, though it seemed a pity to lose Alexander's airs "O Mithra, with thy brightest beams" and "Pow'rful guardians" in favour of the fairly dull scene for Cleopatra and her attendant in Act 2. At the start of each act and before the final scene narrations were spoken "to help the audience to follow clearly the events of the story." Mercifully these proved to be brief and apt summaries of the relevant sections of Maccabees—but surely a synopsis in the otherwise excellent programme book would have been a better solution?

The slower and more serious numbers found Darlow at his best—the intertwining violin phrases in "To God who made the radiant sun" were beautifully shaped—and so the Israelites fared better than the Syrians. The latter's chorus "Ye happy nations round" was leaden and crisper phrasing would have helped elsewhere, notably in the intriguing rhythms of the duet "Hail, wedded love." New-fangled ideas like non-delayed cadences in recitative are not yet in Darlow's ken and quite a few appoggiaturas were missing, but on the whole music and drama were in harness and moved forward purposefully.

Among the soloists Wendy Eathorne was outstanding as Cleopatra, even and expressive in tone; her sureness of line was fully tried in her final air and not found wanting. Countertenor Charles Brett (Alexander), slightly overparted in a role written for the vivacious mezzo *Caterina Galli, nevertheless* produced some ringing heroics. Elizabeth Gardner showed attractive promise as the attendant Aspasia. The Tilford Bach Choir and Orchestra were responsive but, as usual on these occasions would have benefited from an extra rehearsal.

Festival Hall

Previn's decade

André Previn has completed ten years as Principal Conductor of the London Symphony Orchestra, thus beating all his predecessors, Hans Richter included. Last night a large audience came to the Festival Hall to greet him, and to hear him conduct the orchestra and the London Symphony Chorus in Britten's Spring Symphony. They should also have been able to admire their hero in the dual capacity of pianist and conductor: Previn was down to play Mendelssohn's G minor Concerto, but in a way that happens rather too often nowadays plans were changed and the concerto was metamorphosed into Ravel's Second Suite from *Daphnis and Chloe*.

The playing of *Daphnis* was fresh and lustrous enough (mercurial flutings from Peter Lloyd) to make it seem curmudgeonly to regret the Mendelssohn — there is always someone hearing even *Daphnis* for the first time and they would not forget this occasion. Actually by far the most startling music and some of the most electrifying playing (in spite of an untidy opening) came in the Berlioz Overture *Les Francs-juges* at the beginning. In days when we are commonly supposed not to know anything about Berlioz, one used in fact to hear, and be thrilled by, this overture more often than now.

The Spring Symphony was given a compact reading more notable than most for symphonic cohesion, with less feeling than usual that the work is a bumper English anthology-cantata, Eng. Mus. mating once again with Eng. Lit. The distinguished soloists, Sheila Armstrong, Janet Baker and Robert Tear, were all a little subdued. Miss Armstrong was sweet and small-scale where a touch of ampleness would not be out of place. Dame Janet was infinitely delicate in "Out on the lawn" but it was the chorus, not the alto, who brought home most sharply the feeling of thirties guilt and unease. Mr. Tear excelled in "When will my May come" but not in the usually irresistible "Waters above." A small contingent of boys from St. Clement Danes tried valiantly to be heard. What made the performance memorable was the singing of the chorus—attack, incisiveness, words, colour: everything.

RONALD CRICHTON

'A Family' at the Haymarket

A Family, a new play by Ronald Harwood, opens at the Haymarket Theatre on Thursday, July 6, with previews on July 4 and 5.

The cast includes Paul Scofield, Harry Andrews, Eleanor Bron, Trevor Peacock and Irene Handl. The play is directed by Casper Wrede, designed by Peter Bennion with lighting by Michael Williams.

Granada remembers Falla

by RONALD CRICHTON

For some 18 years, until he left Spain for Argentina in 1939, Manuel de Falla and his sister lived in Granada in a tiny house or *carmen* on the southern slopes of the hill crowned by the Alhambra. There is a garden, small too, but laid out with such art on more than one level that it seems larger than it is. The view across the valley to the Sierra Nevada is still stupendous although the city has invaded the valley with a rash of high-rise blocks. The *carmen* remained in fortunately appreciative private hands until 1962, when the municipality bought it as a Falla museum: much of the original furniture and many of the composer's modest possessions (including an array of dusty hats) were re-assembled and displayed there.

The result, touching and delightful though it is, cannot pretend to be a sufficient memorial for the outstanding Spanish composer of modern times—there is no room to show manuscripts or documents of any size, let alone to store or examine archives. The city, backed by the Ministry of Culture in Madrid, decided to do more. Falla's younger brother Germán was an architect. Germán's daughter Maria Isabel married a younger architect, José María García de Paredes. He was appropriately chosen to design a "Centro Manuel de Falla" combining a concert hall, exhibition rooms, study rooms and a home for the archives—in spite of the great and continuing popularity of some of his music Falla, through a series of historical accidents, is among the least well-documented of leading modern composers.

The object was not merely to set up a memorial but to make something useful. This in many respects old-fashioned man had firm ideas about the social usefulness of music and the desirability of avoiding "vanity and egoism." To put things on the simplest plane, musicians inside and outside Spain need access to information about Falla. Granada needs a modern concert hall both for everyday use and for the annual festival — the Moorish and Renaissance Courts on the Alhambra make admirable sound-chambers but they are open to the skies and even in Andalusia it can rain, as those who attended the recent inaugural concerts will be aware.

The Centro is the first official building of any importance to have been erected on that architecturally holy hill since 1527, when the Palace of Charles V was plumped down in the middle of the Alhambra. The task needed tact as well as courage. García de Paredes has designed a long, low building with an uneven silhouette which barely rises above the tree line. The site slopes steeply; even so, much of the building is underground. On the outside there is a minimum of concrete but a great deal of *beautifully light* and weathered-looking brick, roofed with even lighter and more weathered-looking tiles.

One enters through a gateway down brick stairs then turns sharply left into a garden already laid out with gravel paths among box-edged parterres of shrubs and small trees. The horizontal lines of the entrance to the building are sharply bisected by the trunks of a cluster of tall trees—a palm, cypresses and magnolia—rising *from an octagon of cobbles with* a trickling fountain on the rim. No important trees were displaced and the brickwork will soon be covered with creepers. To one side is a terrace with the same breath-taking view as the one from Falla's garden just below—the two gardens are in fact joined by a half-hidden stair. *During the interval* of the first evening's concert a sickle moon hung high over the landscape, full of promise for fine weather, dashed next afternoon by more torrential rain.

The concert hall has seats on either side of a central space for performers. The seating is unequally divided (the total capacity is 1,311) and the smaller, steeper part can be curtained off. The problem of giving visual unity to the elongated, threefold space has been solved by suspending from the ceiling four long rows of huge, stylised Andalusian lanterns. The seats, by our poor standards, are luxurious, the orchestral area is slightly larger than that of the Festival Hall.

The first sounds heard at the opening concert were the voices of Granada University's Manuel de Falla Choir singing (twice) his tiny, polyphonic *Invocatio ad Individuam Trinitatem*. Then the National Orchestra of Spain took over, under their new conductor Antoni Ros Marbà, the *recent successor to Frühbeck de* Burgos. They gave excerpts from *La vida breve*, *Nights in the Gardens of Spain* (the soloist Rafael Arozco playing the work for the first time, not yet quite adept at placing the difficult obbligato piano part in the texture), the orchestral version of the *Homenaje a Debussy* and the two suites from *The Three-cornered Hat*.

A slight feeling that the orchestra were, so to speak, still trying out the new hall, may well have helped to avoid the *superficial brilliance plus solemnity* one learns to expect on these official occasions. The architect worked in tandem with the German expert Lothar Cremer, responsible for the acoustical side of the Philharmonie and the Deutsche Oper in Berlin. The first impression was good: a bright but not glaring immediacy *with enough shine to flatter the* string tone and nourish voices, rather like the Fairfield Hall at Croydon.

For the chamber concert on the second night my seat was behind the orchestra area, from which position everything worked except songs with piano—fortunately, as well as Falla's sadly neglected Gautier settings and the *Seven Spanish Folksongs*, the soprano Montserrat Alavedra, now half-facing the instruments, sang the *Soneto a Córdoba* with harp and *Psyché*, a ravishing miniature for voice, flute, harp and three strings. *Psyché* in particular made a deeper impression than usual. Ros Marbà, who conducted this, took infinite pains over balance, yet it was clear that the kernel of the work in spite of the seductive instrumental colour lies in the strong vocal line. Both *Psyché* and the equally but differently elusive *Soneto* deserve a recording with these artists.

In the Harpsichord Concerto Ros Marbà, the soloist Rafael Puyana (in his most communicative form), and some excellent instrumentalists from Madrid succeeded in a work fiendishly difficult to bring off in any large hall. They did this not with clatter and brilliance but with a remarkable inward intensity—everything kept down to match the soft glow of the harpsichord without loss of urgency. This rewarding concert also included two early but not worthless salon pieces for 'cello as well as the *Four Piano Pieces* and the formidable *Fantasia Baetica*, the *piano works excellently done by* Jacinto Matute from Cadiz, Falla's birthplace. When the study and archive facilities are ready, the Centro Falla should take a unique place among European Arts complexes.

Vienna Festival

by ARTHUR JACOBS

Within the main Vienna Festival, a celebration of 150 years of Bösendorfer pianos has been both a salute to past musical glories and the sign of a new commercial attack. In Vienna, where a street is called after the firm, Bösendorfer is a name linked in history with those of Brahms and Liszt. But outside Austria, the firm has achieved only a modest impact. Now, however, having come under the ownership of the American piano-makers, Kimball International, it sees itself as a David of the concert platform, determined to dent the domination of the German-American Goliath, Steinway.

Performances were given by the Austrian pianists Walter Klien, Jörg Demus, Paul Badura-Skoda and Alexander Jenner, and by Gerbard Oppitz, the 25-year-old West German winner of last year's Artur Rubenstein competition in Israel. The international music critics who attended as the firm's guests hardly needed to be convinced of the power and tonal delicacy *of such models as the 9 ft 6 in* Imperial with its nine extra bass keys. Potential performers, however, will be swayed not only by purely musical considerations, but by the wider availability of instruments to rent in major musical centres.

The year of Bösendorfer's beginning, 1828, also saw the death of Schubert, to whom Vienna pays a noble tribute in a current exhibition at the Palais Harrach, organised by the city libraries. Here the music lover *gazes with awe on such manu*scripts as that of the Ninth Symphony disclosing a hardly-believable change of mind in the fourth bar. It is an exhibition which should be brought to Britain, even if facsimiles have to be substituted for some of the priceless original documents.

The topical opportunity of exploring Schubert's piano music was missed by the Bösendorfer organisers, who disappointed me equally by not commissioning any new music—indeed, not admitting a single modern work to the programme. A visitor from Britain could also scarcely restrain a gasp at being asked to pay 30p for a printed programme giving only the titles of works, with no historical or analytical notes.

Surprisingly, Demus' recital of Brahms, Beethoven, Debussy and Franck was rather dull. Alexander Jenner brought a livelier evening with some vigorously characterised Debussy preludes and a stormy but well-structered performance of Liszt's *Funerailles* and the Hungarian Rhapsody No. 6. Among his encores, the grand style was sustained with Chopin's "Revolutionary" Study in C minor—which I almost heard in C sharp minor, since the Viennese use such a high pitch for their instruments.

At a concert with the Vienna Philharmonic Orchestra under Horst Stein, Gerbard Oppitz somewhat belied his youth with a rather too restrained, not very individualised performance of Beethoven's Piano Concerto No. 4. It was left to Badura-Skoda to beguile and impress with a late Mozart concerto, K503 in C. He not only ornamented the slow movement gracefully, but risked and justified a tiny rhythmic alteration in the finale. Here was a model of sound and style.

Gainsborough painting

Lord Donaldson, *Minister for* the Arts, has accepted the recommendation of the Standing Commission on Museums and Galleries that the painting, *Greyhounds Coursing a Fox*, by Gainsborough, offered by Lord Rosebery and accepted by the Government in lieu of estate duty, should be allocated to the Iveagh Bequest, Kenwood House, London.

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Compromise in Belgium

THE LATEST Belgium political crisis now looks as if it is on its way to resolution. A series of intensive meetings over the week-end between leaders of the four main parties of the governing coalition seems to have succeeded in hammering out a compromise on the combination of economic and political problems that prompted Mr. Leo Tindemans, the Prime Minister, to tender his resignation last week. The compromise still needs to be endorsed by the parties today, but the likelihood is that Mr. Tindemans will agree to carry on as Prime Minister after a further meeting with King Baudouin. The outcome will confirm the view of most Belgian political observers that the resignation offer was made primarily for tactical reasons, so as to bring pressure on the coalition partners to negotiate an end to their recent disputes.

Budget

There is no denying that differences of opinion inside the coalition have run deep over the past few weeks. The immediate cause of last week's crisis was the attempt by Mr. Tindemans's Social Christians to force through economic austerity measures in the face of strong opposition from the Socialists of M. Henri Simonet, the Foreign Minister. The Socialists disliked both the contents of the package and the way in which Mr. Tindemans appeared to be trying to hustle the 1979 budget through Parliament, effectively by decree.

The two parties are divided on predictable lines over the policies required to confront the country's economic difficulties. The centre-right Social Christians want to prune public spending, particularly on social security and unemployment benefits, in order to reduce a budget deficit that threatens to run to well over £1bn this year. The Socialists would prefer to put the emphasis on combating tax evasion, a major national pastime in Belgium, and would like more money to be devoted to helping ailing industries.

The situation is complicated by the Federalist pressures emanating from the two other coalition members, the Flemish Volksunie and the Brussels-based Front Democratique des Francophones (FDF). Earlier this year the four parties reached agreement on a wide-ranging plan aimed at turning Belgium into a Federal State by the 1980s. But there have been disagreements over how and when the plan should enter into operation, with both Flemings and Walloons suspicious that the others might manage to gain advantages during its implementation.

A further cause of friction has been provided by Belgium's participation in last month's Belgo-French operation in Zaire's Shaba province. Mr. Tindemans has recently been taking a hard-nosed line on Africa, urging the creation of a Pan-African peace-keeping force, with European backing, and calling on his fellow Europeans to stick together to defend their African interests. There has, however, been criticism of the Zaire operation in Belgium, on two contrasting grounds. Public feeling that the Belgians somehow did less well than the French in Shaba, a traditional Belgian preserve, has been added to the view of M. Simonet and his Socialists that it was unwise to launch the operation in the first place.

Firm hand

These differences may be more easily forgotten now that the four parties appear to be on their way to settling their disagreements over economic policy and devolution. There are many reasons why the present moment is particularly inappropriate for a new political crisis—not least the threat of a general strike this week over union demands for shorter working hours. There is no obvious successor to Mr. Tindemans, yet a firm hand will be needed to guide the country to a lasting solution of its perennial linguistic difficulties in the years ahead. The present broadly-based coalition is probably better placed to tackle the problem than most past Belgian Governments. With centrifugal forces at work all over Europe, it will be of the greatest interest to Belgium's neighbours to watch the country's progress down the Federal road.

A poor record of compensation

THE LOW level of advance payments that have been made to the companies whose aerospace and shipbuilding interests were nationalised last year have been widely resented, and Lord Robens was doubtless voicing views shared by many of the other company chairmen concerned when he sharply criticised the Government at Vickers' annual meeting last Friday.

Because of the valuation methods that were chosen there is bound to be uncertainty at this stage — and probably for some considerable time to come — about the precise amounts that are due. But, on any reasonable test, the total of just under £27m which has so far been paid can be only a small fraction of the final figure. It in no way fulfils the promise the Industry Minister gave to MPs during the passage of the nationalisation Bill that "payments on account should be substantial and should be made at the earliest opportunity."

Handicap

The derisory level and seemingly arbitrary nature of these payments have been a severe handicap to corporate planning for companies which had planned to use them to help finance the development of the rest of their business rather than distribute their compensation, or most of it, to shareholders. Lord Robens said that Vickers had borrowed extensively from its bankers in the expectation of receiving substantial payments on account and has accordingly had to reduce this year's investment budget from £30m to £20m in order to avoid becoming overborrowed.

What is particularly galling is the fact that the £3m Vickers has so far received for its half-share in the British Aircraft Corporation and the £4m for its shipyards at Barrow are only a fraction of the profits these businesses have earned since they were taken over in the spring and summer of last year.

The time the valuation process is taking is of course not a helpful factor but it cannot in itself be a cause for complaint. The delay arises from the decision to base the compensation upon the market value the securities of the acquired subsidiaries could be assumed to have had if they had been quoted on the Stock Exchange. Share market values have been the traditional basis of nationalisation compensation ever since the latter days of the Attlee Government and it has been used for unquoted as well as quoted companies. But the time involved—and the fact that the passage of the nationalisation Bill took much longer than expected—strengthens the case for making adequate interim payments.

Shabby

All but two of the companies taken over last year had unquoted shares, far more than ever before, and the compensation amounts for the two exceptions (both relatively small companies) were settled last summer. Repayments are also being made more quickly, too, where the former subsidiaries were financed largely by inter-company loans rather than by infusions of equity.

Past Labour governments have an honourable record of resisting pressure from supporters wanting confiscatory rather than fair nationalisation terms. It is too soon to talk of confiscation this time but the record is looking more and more shabby. Unlike the Attlee Government, the present administration did not give aircraft and shipbuilding companies the option of choosing between the pre-election and the pre-publication-of-Bill periods in which to assess market values, even though the six months prior to the February 1974 election were a time of depressed share values. Provisions were made to claw back the financial assistance various companies had received. And now the Government is either not living up to its promise to pay substantial amounts on account, or the payments so far made indicate that it is aiming to settle for figures which no fair-minded observer could regard as fair and reasonable.

THE TOKYO ROUND: BY MARGARET HUGHES

World trade talks enmeshed in the fine print

THE TRADE negotiators in the GATT at Geneva are racing against time to come up by July 15 with an agrement which will set the guidelines for world trade for the next decade at least. This is the deadline, on the eve of the Bonn economic summit, for the conclusion of the so-called Tokyo Round of the multilateral trade negotiations.

How successful a package will emerge remains an open question. The most that can now be hoped for, given protectionist pressures, is a broad political consensus on all the main issues, but still leaving undefined the often crucial fine print. At this stage it is impossible to predict whether even so much will be achieved.

With just four weeks to go there still are major issues to be resolved by the big three negotiators—the U.S., the EEC and Japan. Concrete agreements on safeguard measures, on subsidies and countervailing duties, and on agriculture are crucial if any success is to be claimed for the Tokyo Round. Whether or not these issues are resolved depends very much on the U.S. which has taken a leading role in the negotiations and is committed, perhaps more than any other country, to a successful outcome. The U.S. regards further liberalisation of trade as a prerequisite for restoring business and investment confidence to get the world's economy back on its feet.

Then there is the onerous task — in GATT parlance — of "multilateralising" whatever agreements are reached. The developing countries may feel aggrieved that much of the negotiation has been conducted without their participation, but the leading negotiators are well aware that the approval of these nations, however reluctant, is essential. Too many dissident third world voices would detract from the package which the trade negotiators hope to present.

The proximity of the deadline coupled with the realisation that the current negotiations may prove to be the last opportunity for a very long time to resolve world trade issues on a multilateral basis has at last injected a sense of urgency into the Tokyo Round which has laboured on languidly for almost five years. The Americans are now adopting a decidedly optimistic view not entirely shared by their fellow negotiators. "Doomed to succeed," the phrase used by one of the EEC delegation in Geneva, is perhaps a more apt description of the mood in Geneva as the negotiators persuade themselves that agreement will be reached in time. The will to achieve at least a political consensus has hardened markedly in the past few weeks and with it the apparent willingness to pay the necessary price.

Mr. Alonzo McDonald, head of the U.S. delegation in Geneva, says he is confident that the mid-July deadline will not only be met, but that the finer details will be finalised in time for him to present the full package to Congress at the beginning of next year. Timing is crucial because the current U.S. Trade Act runs out next January. That is why Mr. Robert Strauss, the U.S. Special Trade Representative took the initiative last July in setting a firm timetable for the Tokyo Round.

The final consensus has to be realistic enough to stand a good chance of being accepted by the various administrations at home. This is reflected, however belatedly, both in the hard bargaining which is now taking place, and in a growing mutual understanding of the problems.

While the U.S. delegation appears confident that it will be in a position to submit a complete package at home by the beginning of 1979, others are less optimistic. The Japanese, for instance, are convinced that it will take at least a year before the small print has been finalised and they foresee further tough bargaining.

The negotiators in Geneva appear fairly confident of a satisfactory agreement on tariffs. Having decided on harmonisation to eliminate wide disparities, with bigger reductions of the higher tariffs and smaller cuts of lower tariffs, they are aiming for an average reduction of around 40 per cent which in the end is likely to be nearer 35 per cent.

Ministerial meeting at Geneva during the Tokyo Round: from left to right Mr. Ushiba, Japanese Minister for External Economic Affairs; Mr. Strauss, U.S. Special Trade Representative; and Mr. Wilhelm Haferkamp, European Commissioner for External Affairs.

Resolving cuts in tariffs

But some aspects have still to be resolved. There is disagreement, for instance, over whether Japan's offer amounts to 40 per cent, as the Japanese claim, or 18 per cent as the U.S. and EEC maintain. The Japanese say their offer amounts to a 40 per cent reduction below the tariffs agreed under the last multilateral negotiations, the Kennedy Round, although they do concede that they have unilaterally reduced tariffs on many products since. Hence the other negotiators assert that the Japanese offer amounts to a reduction of only 18 per cent below existing (post Kennedy Round) tariffs. The Japanese, while maintaining their stance as a matter of principle, have, however, indicated that they will go beyond their current offer.

The Japanese are unhappy with the EEC proposal which began as an offer without exceptions but has since been re-presented with a list of possible withdrawals, or effectively exceptions. The list, though not published, has been submitted to the other delegations and the Japanese claim that it is so wide ranging that if implemented it would lead to total collapse of the tariff proposals.

But the differences which remain about tariffs are much narrower than those which are still unresolved on non tariff measures (NTMs). While the importance of the tariff reductions are not underestimated, it is recognised that eliminating NTMs which restrict trade is more crucial still.

Existing GATT rules on the point are imprecise. The purpose of the current negotiations is both to reduce and regulate NTMs. Discussions on such topics as the harmonisation of industrial standards and the establishment of uniform customs evaluation procedures are well advanced, though technical problems remain in the final drafting of new codes.

Government procurement is proving more tricky. The aim is to establish equality of treatment for foreign and national suppliers for government and public sector contracts which now represent a large proportion of world trade. The EEC, which has had little success in regulating its own members in this area, is less than enthusiastic about the wide reforms proposed by the Americans to make the whole process more transparent and more open to foreign participation.

The main outstanding issues of the NTM talks are those which have proved the most difficult throughout the negotiations — safeguards, subsidies and countervailing duties, agriculture—the latter now being partly dealt with outside the main GATT talks through the International Wheat Council.

There are signs of some progress with safeguards. They concern Article 19 of GATT, the so-called safeguard clause, which allows members to take emergency measures to limit imports of particular products when they cause or threaten to cause serious injury to domestic industry. At present these measures usually have to be applied against all suppliers regardless of which is held to be responsible for the injury. But the EEC is insistent that safeguard measures should be applied selectively and has made this a central issue in the Tokyo Round—a view which has all along been rejected by the other negotiators and over which there has been disagreement within the EEC itself.

But others are now being won round to the EEC view though with qualifications. This includes the Japanese who have been the main targets of the existing selective actions which have been taken outside GATT. It seems that they have been persuaded that it may be in their interests if such action is taken through GATT channels under strict surveillance rather than on an ad hoc unilateral basis as at present. But Mr. Hidetoshi Ukawa, Minister at the Japanese delegation in Geneva, made clear to the Financial Times that it would be a condition for accepting the selectivity principle that all existing discriminatory measures in force be dropped—be they voluntary restraints, quotas, or whatever.

In spite of the Japanese concession, differences are far from being eliminated. Japan, along with the developing countries, East European members and the U.S.—which also seems to have reluctantly accepted the selective action principle in "extremely difficult" circumstances—are adamant that such action should only be temporary, and undertaken only with the consent of the exporters. Moreover, there should be an independent surveillance body. The Japanese and third world are equally adamant that the clause, giving the affected supplier the right to retaliate against abusive unilateral action, should be retained. There appears to be some ambiguity in the EEC position—the British asserting that this right is included in the EEC proposal, whereas the Community has previously argued otherwise.

There is still greater conflict between the U.S. and EEC especially, over defining export subsidies and establishing when it is justifiable to impose countervailing duties equal to the amount of a subsidy. There has been some progress in that the U.S. seems now to have accepted the existing GATT qualification, under which other countries operate, that countervailing duties should only be imposed if there is "material" injury, or a threat of it, to the importing country's industry as a result of an export subsidy in the country of origin.

Thorny issue of subsidies

In return the U.S. insists that the EEC submits to greater disclosure of subsidies, agrees to bring up to date (and thus widen) the GATT list of what constitutes an export subsidy, and endorses the principle that, ideally, all subsidies should cease.

Subsidies and countervailing duties are the most difficult issue of all. Mr. McDonald considers that the U.S. has made a "major concession" in accepting that subsidies may be necessary at all. He emphasises that the U.S. is now intent on obtaining better definition, disclosure and discipline. Unless this is achieved, Mr. McDonald says, Congress will not only preserve its present stance on countervailing duties, but will wield the weapon more heavily than before since the U.S. has "no intention of becoming a dumping ground for the rest of the world."

The U.S. takes a tougher line still against agricultural subsidies which the EEC refuses even to negotiate about. The Americans have said that unless the GATT package substantially helps U.S. farm exports it will stand little chance of being accepted by Congress. Mr. McDonald is hopeful that some progress will be made on agriculture, but admits that any agreement reached will be limited. Apart from its differences with the EEC, which he plays down to the extent that he asserts that the U.S. is not intent on dismantling the Common Agricultural Policy, Mr. McDonald and his follow negotiators say that the Japanese too should open up their market more to agricultural products beyond concessions which they have already made on beef and citrus.

Agricultural problems are being handled in two ways. There are attempts to reach international agreement on cereals, meat and dairy products, while other items are being dealt with bilaterally on a specific request and offer basis. There continues to be a good deal of well-publicised acrimony on all sides, but particularly between Australia and New Zealand on the one hand and the EEC on the other—and no indication that the issues will be resolved amicably.

Prospects of an agreement on cereals, the most important agricultural item, are somewhat brighter now that the EEC has dropped its insistence on setting fixed price limits. The International Wheat Council is meeting in London to establish measures to be taken internationally — stockpiling, production cutbacks and increased utilisation—to maintain prices within "nominal price goals" and to agree on more consultation between importers and exporters. But the EEC's wish to include feed grains remains a problem.

While the main negotiators concentrate their energies on these key issues the developing countries, which will in any case benefit if agreements are reached, are becoming less hopeful that much will be done to incorporate the principle of "special and differential treatment for developing countries" emphasised in the original Tokyo Declaration. But while they do not now expect much in the way of benefits applied specifically to them to be incorporated in the final Tokyo Round package they are none the less anxious to see a successful outcome. It would, they hope, result in fairer and more disciplined trading by the developed world. How likely this is to be achieved of course depends on what is in the final package, and how much is done to implement it.

MEN AND MATTERS

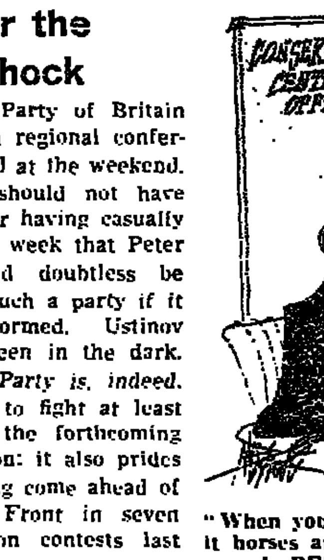
Party for the future shock

The Ecology Party of Britain was holding a regional conference in Bristol at the weekend. Doubtless I should not have known, but for having casually remarked last week that Peter Ustinov would doubtless be president of such a party if it were to be formed. Ustinov and I have been in the dark. The Ecology Party is, indeed, bracing itself to fight at least six seats in the forthcoming general election: it also prides itself on having come ahead of the National Front in seven district election contests last May.

I asked its spokesman, Douglas Whitehead, a business consultant, why the Ecology Party was so little known nationally. "We have not been talking to the Press," he answered. "We are waiting until we have our manifesto ready in two months' time." But he told me proudly that the party now has a county councillor in Cornwall, a district councillor in Rye, Sussex, and a parish councillor somewhere in Worcester.

The chairman is Jonathan Tyler, a lecturer in transport studies at Birmingham University. Aged 38, Tyler says he hopes to fight Selly Oak at the general election. "We feel that we are becoming more and more relevant with every day that passes," he said. "Our 12-man national executive believes that people in industry, in particular, are starting to think very hard about resources, the type of society we shall have, the effects of automation on employment, and so on."

The British ecologists believe that successes of similar parties on the Continent are a portent. Do they see themselves as being on the left or the right of the spectrum? "With the type of problems to be faced, old political divisions will mean nothing."



"When you come to think of it horses are always neck to neck BEFORE a race!"

Blithe spirits

London hotels and tourist centres are only belatedly coming to realise that around one in ten of our summer visitors are Japanese. Signs are noticeably more plentiful these days in the main European languages—and some shopping streets are heavily adorned with verbal enticements (so one assumes) in Arabic. Japanese is still a rarity.

Interestingly, there is an exception at Keats House, on the edge of Hampstead Heath. The house now has 10,000 leaflets in Japanese, to add to its stock of material in English, German and French. I learn that the leaflets are a gift from two academics: Professor Kojiro Ito, who teaches English literature at Aoyama Gakuin University, Tokyo, and Dr. Akira Minami, who lectures at Okayama University.

Ito has been making regular pilgrimages to Keats House since 1965. It was the idea of Minami, a more recent devotee of the poet, to write and donate the leaflet. What "Ode to a Nightingale" sounds like in Japanese is hard to imagine, but it seems that several thousand Oriental lovers of Keats' gentle melancholy make their way to Hampstead every year.

Trade troubles

The Government's own weekly business magazine, Trade and Industry, is brimming with news about exports, plus exhortations from Edmund Dell, Eric Varley et al. But the mood plummets when you come to the back cover, which is a full page advertisement for The Samaritans. "Suicide? Despair? Talk to someone who cares. . . ." After pausing to invite anybody who feels capable to enrol as a Samaritan, the advertisement returns to the original theme: "And remember . . . you can talk to the Samaritans in complete confidence, any hour—day or night."

The last resort, perhaps, for all those Trade and Industry readers who feel outsold by the Japanese, hounded by the taxman and appalled by their balance sheets.

Battle weary

Britain was denied a memorable victory on the field of battle yesterday. This discomfiture—at the hands of a TV crew from Nationwide—occurred, of all places, at Stratfield Saye House, the stately home of the Duke of Wellington. I have to report that the massed ranks of British soldiery (well, all 50 of them) were far from pleased at being frustrated in their hopes of overwhelming Boney's men. The bemused citizenry who were looking on did not seem too amused, either.

The weekend war, organised by the Napoleonic Association, went well on Saturday. It was fought in the walled garden of Stratfield Saye House: the fury of Waterloo, with shouts, groans, musketry and cannonfire, was re-created by troops of young enthusiasts all dressed in 1815 style. The French were allowed to win that one. But the association got more than it bargained for on Sunday when it allowed the big guns of television into the combat. For a start, the battle was moved three miles into a park and was broken down into a series of disjointed incidents lasting four hours. By the end, nobody appeared to have won, except the BBC's lady commentator, all dressed up as a Prussian. Leaning sadly on their muskets, several of the British — who seem to have come all the way down from Durham for the fight — did not view the prospect of being on the box tonight as any compensation. Next year, I forecast, the association will be less keen to meet its TV Waterloo a second time.

So that's all right

From Andorra, my colleague B. R. Ackenhouse reports that a worried-looking man rushed into a pub there last Saturday morning. "Was I in here yesterday evening?" he asked the landlord. "You were indeed," said the landlord. "And did I spend my entire week's wages packet buying drinks for everyone in the house?" he asked. "You did indeed," the landlord said. "Glory be!" he said. "I thought I'd lost it!"

Observer

FINANCIAL TIMES SURVEY

Monday June 19 1978

FINLAND

Tranquil relations with the USSR—big brother next door— mean that the Finns are able at the moment to concentrate on domestic problems. These are considerable, including high unemployment, cuts in real incomes and a higher than usual level of inflation.

Attuned to tough going

By William Dullforce
Nordic Correspondent

THE FINNS are difficult to understand. Last winter some 200,000 of them, around 8 per cent of the workforce, were unemployed and that figure may well be surpassed next winter. They have also suffered a cut in real incomes of about 4 per cent over the past two years. The man chiefly responsible for inflicting this punishment is Dr. Mauno Koivisto, the Governor of the Bank of Finland, who has insisted that priority be given to restoring the foreign payments balance and to curbing inflation. Yet top of the latest popularity polls (excluding the President) is Mauno Koivisto.

One could suspect the Finns of masochism or at least a disposition to exaggerate their *sisu*, the national characteristic which may be translated as guts or tenacity in the face of adversity. A simpler explanation is that Dr. Koivisto's popularity testifies to the Finns' fundamental good sense, which is often obscured by the chaos of their politics. When the going gets tough, their sense of realism reasserts itself and they gratefully follow a determined lead. This has been a typical and recurring pattern during their chequered 60 years as an independent nation.

The Finns won that independence from Russia when the Bolshevik revolution broke out. They have since twice fought the Russians to preserve it. They also survived in the first years of independence a civil war, which has left its scars. For half the period, since 1948, their independence has been balanced on the Treaty of Friendship, Co-operation and Mutual Assistance with the Soviet Union.

This unique document serves to reconcile Finnish independence and neutrality with the security requirements of the Soviet Union. It gives Moscow considerable leverage in Helsinki and imposes on the Finns a vigilance towards any developments in Northern Europe, which might affect the relationship. It is another peculiarity of the Finns that under this relationship they have succeeded in preserving a pluralistic democracy and in building up their own version of the affluent, Scandinavian-type welfare state.

For the time being relations with their big neighbour appear to be running smoothly. The Soviet Prime Minister Alexei Kosygin was in Finland twice last year, once for the independence celebrations in December, and the Soviet Foreign Minister Andrei Gromyko turned up in Helsinki for the anniversary of the Treaty. Finland has been getting more top level Soviet visits than most East Bloc communist states. And they have been friendly visits not brought about by any crises in the relationship.

One reason for the Russians' satisfaction is undoubtedly the re-election of Dr. Urho Kekkonen. At the age of 77 he started on another six-year term as President in March after holding the office since 1956. He has exercised a domineering power over Finnish politics and has been increasingly criticised for curbing the talents of other potential political leaders, but the personal trust he has built up in Moscow has been a fundamental element of Finland's independence during the last quarter of a century. At the moment, too, the tranquility in their relations with the Russians helps the Finns to concentrate on their domestic problems.

Surplus

For, despite the cure imposed by Dr. Koivisto, Finland is by no means out of economic trouble. The payments balance may show a surplus this year and inflation has been brought down from an annual rate of 15 per cent to around 7 per cent but the level of economic activity remains low and unemployment is growing rather than receding. After three devaluations in the space of a year Finnish exports, particularly in the vital pulp and paper sector, are more competitive. The export performance this year is considerably better but companies are still having to sell a number of products at prices lower than their manufacturing costs.

By the end of last year the success of Dr. Koivisto's monetary policy had in fact shifted the weight of responsibility to the Government. His monetary cure had stabilised the economy but at a low level. It was up to the Government to find a way of restimulating without releasing the devil of inflation. This was easier said than done because it called for action not by one determined man backed by a competent staff but by a coalition working within the complications of Finnish politics.

The Cabinet headed by Mr. Kalevi Sorsa, the Social-Democrat Prime Minister, has so far thrashed out three "stimulation packages" of fiscal measures. They have been politically remarkable in that they have shown a Government dominated by Socialists and Communists pursuing an orthodox, non-Socialist line, even, it could be said, one which appears at least in the short term to be hostile to workers' interests. Moreover, this policy has been accepted at least for the time being by the union leaders.

Communist participation in the Government is another enigma which does not lessen the difficulty of interpreting the Finnish political scene. Not all the Communists back the Government. The "majority" wing, led by the party chairman, Mr. Aarne Saarinen, participate in the Cabinet but the "minority" headed by Mr. Taisto Sinisalo, one of the vice-chairmen, reject participation and a dozen of them vote stolidly against the Government in Parliament. Mr. Saarinen is if not a Euro-Communist at least a nationalist, while Mr. Sinisalo is regarded as a Stalinist hewing to the Moscow line.

Some Finnish politicians believe, however, that Mr. Saarinen is out to prove to sceptical Western Europeans that Communists can work loyally within a Coalition Cabinet, a demonstration which could benefit his Italian and French colleagues. This supposition does not take into account the singularity of Finland's foreign political situation and of its internal politics. Foreign policy and particularly relations with the Soviet Union are in the hands of the President and not the Cabinet in Finland. Moreover, all major Finnish parties support the current foreign policy line towards the Soviet Union. Foreign policy is not a subject of argument within the Cabinet.

On the other hand, it can be argued that it has been the other parties' advantage to have the Communists in the Cabinet, taking responsibility for tough, non-Socialist measures, at a time of economic crisis. Mr. Saarinen believes that his "majority" Communists can exercise greater influence from within the Cabinet but he could very well have caused more trouble for the other parties by staying in opposition. In effect, the Communists appear to have been able to amend Government policies only in very minor ways.

Some Finnish political commentators have claimed that Mr. Sorsa and his Social Democrats have become prisoners of the Communists. Their thesis is based chiefly on the Social Democrats' supposed diffidence about taking any action which would weaken their capacity to hold the Communists at bay in the trade unions. The commentators may have put the boot on the wrong foot. Recently, the Communists have looked more like Social Democrat captives: they have had to accept Dr. Koivisto's strong deflationary line. Mr. Sorsa's tax reliefs for private business and high unemployment. And so far there is no evidence that they have won ground from the Social Democrats within the union movement.

Partnered

The Social Democrats, who have 54 of the 200 members of Parliament, are partnered in the present Coalition by the People's Democrats (the umbrella organisation for the Communists and Left Socialists who together have 40 members of parliament, including the opposition "minority" faction), the Centre Party (40) and the Liberals (9). The Government can usually count on the backing of the Swedish Party (10), which formed part of the Coalition until the reshuffle in March.

The Centre Party, chaired by Mr. Johannes Virolainen, the Minister of Agriculture, is a regular partner in Finnish governments. It is the President's party and among its present leaders is Dr. Ahti Karjalainen, several times Prime Minister and Foreign Minister and still regarded as the most likely man to succeed Dr. Kekkonen despite his recent disagreements with the President. The Centre Party's influence derives in part from the fact that, despite the apparent dominance of the Left in the Cabinent, there is a non-Socialist majority in Parliament. The "permanent" opposition is formed by the Conservatives (34 members) and three splinter partners, including the Christian League.

At this point it is necessary to explain yet another peculiarity of the Finnish political system. Under the Constitutional Act financial measures have to be approved by a five-sixths majority in Parliament, if they are to be implemented immediately. Technically a two-thirds majority suffices, but the *one-third voting against can* veto application of the measures until they have been passed again by a newly-elected parliament. The need to obtain a five-sixths majority for urgent fiscal measures clarifies to some extent both the vacillation and apparent ineptitude of Finnish governments. It also helps to explain why a Left-dominated Cabinet has in recent months been pursuing a consistent non-Socialist policy.

Mr. Sorsa and his Social Democrats hope to have a bill amending the constitution agreed within the Cabinet by the end of this month. The original intention was to exclude fiscal measures from the provisions of the Constitutional Act and to allow them to be approved by a simple majority in Parliament. Because of the Centre Party's belief that simple-majority legislation could pose a threat to private ownership, the likelihood is that the Cabinet will plump for a two-thirds majority requirement, eliminating the present minority veto. The intention is to have the amendment passed by the present Parliament and the next Parliament due for election in March.

The timetable is critical because it is by no means certain that the present coalition can survive until March. It faces an inevitable squabble in the autumn over the 1979 Budget; the Left and the Centre Party

BASIC STATISTICS

Area	130,129 sq miles
Population	4.73m
GNP (1976)	FM 107bn
Per capita	FM 22,620
Trade (1976)	
Imports	FM 28.6bn
Exports	FM 24.5bn
Imports from UK	£289m
Exports to UK	£562m
Trade (1977)	
Imports	FM 30.7bn
Exports	FM 30.9bn
Imports from UK	£346m
Exports to UK	£594m
Currency: Markka £=FM 7.87	

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Foreign policy success story

FINNISH FOREIGN policy is the prerogative of the president. For the past 22 years it has, therefore, been directed by Dr. Urho Kekkonen and, in view of the fitness of this 77-year-old skier and former national high-jump champion, it is likely to be under his firm control for the next six years. By any standards those 22 years have been a success story.

The term "finlandisation" has been coined in the West to describe Finland's situation in the shadow of the Soviet Union. The implication is that the Finns survive within the Soviet sphere of influence by acceding to Moscow's pressures and influence. Looked at from Eastern Europe, say, from Prague or Budapest, "finlandisation" has a quite different connotation. For Finland is a flourishing western-style democracy operating a typical Scandinavian market economy. Like the Swedes and Norwegians it has its free-trade agreement with the EEC.

President Kekkonen often refers to a speech he made during a visit to Finland in 1960 by the then Soviet Prime Minister Nikita Khrushchev. He said, "I am convinced that, even if the whole of the rest of Europe became communist, Finland would stand firm on the time-honoured ground of Nordic democracy, if the majority of the Finnish people wanted it that way — and I believe they do."

The assumption in that statement is that the Soviet leaders respect and will continue to respect Finland's independence. The assumption may not be shared by other Western statesmen but President Kekkonen can fairly claim to have greater experience of the Russians than any of them and he can refer to the record.

First

There is, of course, a price, a quid pro quo. It is embodied in the 1948 Treaty of Friendship, Co-operation and Mutual Assistance with the Soviet Union, which is the pivot for the relationship between the two countries. Put simply, the price is that Finland undertakes so far as it can to safeguard the security interests of the Soviet Union. This means in turn that the Finns have a vested interest in world peace, super-power detente and in the isolation of Northern Europe, as far as it is possible, from international crises.

President Kekkonen has chosen to promote this Finnish interest actively. It was no coincidence that the conference on European Security and Co-operation began in Helsinki, where its final act was also signed in 1975. Frequently Dr. Kekkonen's initiatives have been regarded in Western capitals as serving Soviet interests. It is true that the Finns, taking advantage of the greater freedom of expression in the West, address Western politicians more sharply than they speak to the Russians, at least in public. But Finnish political démarches can usually be adequately explained as designed to promote national interests.

There is no evidence, for instance, that President Kekkonen's latest initiative was in any way promoted from Moscow. In a speech to the Swedish Foreign Affairs Institute in Stockholm last month, he revived the proposal for a nuclear-free Nordic area which he first launched in 1963, but this time he made some additions.

He suggested that the Nordic countries — Denmark, Finland, Iceland, Norway and Sweden — should get together to consider the effect on their security of recent advances in weapon technology. He referred specifically to the low-flying cruise missiles developed by the Americans and the possibility that their deployment against Soviet targets from within international waters close to the Nordic bloc could lead to infringement of the Nordic countries' air space.

President Kekkonen also proposed that in view of the delay in achieving world disarmament the Nordic countries should start negotiations among themselves on disarmament control and invite the major powers, whose security could be affected, to participate in the talks. These proposals were received coolly in Oslo and Copenhagen, while the reaction in Stockholm can at best be described as guarded.

On the face of it President Kekkonen's latest proposals can be interpreted as promoting Soviet interests, since any obstacles to the deployment of American cruise missiles in the Nordic area would favour the Soviet Union. A more pertient explanation for Dr. Kekkonen's rather premature proposal can be found in the Finnish-Soviet treaty, under which the Finns are bound to start consultations at the military level should any threat arise to Soviet security involving Finland.

In other words, should the current SALT talks between the U.S. and the Soviet Union, in which the cruise missiles are concerned, fail, the Finns could foresee a request from Moscow for the establishment of advance warning posts against cruise missiles on Finnish territory. The American reaction has been that neither Finland nor the other Nordic countries have so far any reason for concern about the possible invasion of their air space by cruise missiles.

On this occasion President Kekkonen does seem to have beaten the gun by a considerable margin. But his proposal illustrates the vigilant forecasting and anticipation of events which Finland has to practise. The President has since declared his intention of continuing to press for Nordic disarmament talks, despite the lack of enthusiasm in the other Nordic capitals and the absence of any reaction from Moscow or Washington. His insistence is reinforced by the pessimism he appears to entertain about the international situation and about the prospects of any immediate progress in detente between the U.S. and the Soviet Union.

An earlier, controversial démarche by President Kekkonen in the field of Nordic security bore better fruit this year. This concerned a proposal within NATO that West German combat troops should be involved in NATO exercises in Norway. At one time it appeared that the Norwegian Government would agree to their inclusion.

During a visit to Oslo last year President Kekkonen expressed Finnish reservations about this development. The Finnish-Soviet Treaty, concluded just after the last war, specifically mentions any threat from Germany as liable to bring into effect the clause calling for military consultation. Earlier this year the Norwegian Defence Minister announced that West German participation in NATO manoeuvres in Norway would be limited to medical and signals units. The Norwegians gave consideration for Finnish interests as one reason for their decision.

This decision can also be seen as preserving the "Nordic balance," the theory that some kind of security is achieved in Northern Europe when Finland is linked to the Soviet Union through their treaty, Norway and Denmark are members of NATO but with reservations about the stationing of foreign forces on their territories during peacetime, and Sweden maintains an armed neutrality. Although Finland's purpose is to have the whole Nordic area recognised as neutral, President Kekkonen implicitly accepted the validity of the balance in his Stockholm speech. Nordic disarmament could be negotiated "within the framework of existing security arrangements," he stated.

Agreements

Unusually, the Finnish President has not visited Moscow since May last year, when he signed a 15-year economic co-operation agreement. On the other hand Soviet Premier Alexei Kosygin was in Helsinki in December for the second time within a year for the celebrations of Finland's 60th independence anniversary, and Foreign Minister Andrei Gromyko attended the ceremonies in Helsinki to mark the 30th anniversary of the treaty between the two countries. The relationship is going through a markedly cordial phrase, whatever apprehensions President Kekkonen may be entertaining about future international developments.

The 15-year agreement has not yet produced the results for which the Finns were hoping. They were looking for bigger orders for their engineering and construction companies, but two difficulties remain to be overcome. In order to balance the trade, they have to find products other than oil, which the Russians will not deliver in large amounts, to import from the Soviet Union. It also appears that the Russians have been having financing difficulties which have delayed the start of some major projects, for which Finnish companies expect to contract.

However, the Finns have won some extra orders for their shipyards, a Soviet trade team was in Helsinki earlier this month and the Finn-Stroi construction consortium has been asked to tender for the third phase of the giant paper and pulp complex being built at Svetogorsk. A joint group is also working on the next five-year trade agreement for 1981-1985, which should see a further boost in the trade volume.

One of the most interesting developments of the 15-year agreement has been the provision for joint Soviet-Finnish bids for industrial projects in third countries. No orders have yet been realised but about 10 Finnish companies have in the past year concluded co-operation agreements with Soviet organisations. The brightest prospects for this type of co-operation are believed to be in Africa and the Far East, with construction projects in the forefront. The Finnish-Soviet agreements also cover shipbuilding, the delivery of pulp and paper mills and steelworks.

William Dullforce

Attuned

CONTINUED FROM PREVIOUS PAGE

will have to compromise over the farm incomes: at the turn of the year the cabinet will have to decide whether or not to extend the temporary company tax relief measures: and finally at the end of February the national wages agreement expires just two weeks before the scheduled election date.

Finland closes down for the summer. The Finns will return in the autumn from their cottages and lakes to a familiar programme, in which the Government will lurch from one minor internal crisis to another, this time with an added element of nervousness, as each party jockeys for position in the election stakes. This is the reverse side of the independence medal, the price the Finns have to pay for their success in preserving that pluralistic democracy. Only a small minority think the price is too high.

And if one looks back over the past 12 months, the politicians' record is not all that bad. Although industry may still grumble that not enough has been done, the cuts in social security charges on employers and the investment tax reduction, coupled with the devaluation, do offer companies the prospect of returning to profit, as demand picks up on the export markets. The right result was achieved, even if it was arrived at by a long and circuitous political route.

The main question now is whether the present coalition or any new one formed after the election can keep the Finnish economy on the right road. Party leaders could be tempted into expensive, vote-collecting measures during the run-up to election and the Social Democrats will have to consider whether and when to switch back to a more overtly Socialist policy. This could be dangerous.

The tax relief accorded to the companies has been temporary and must be prolonged, if there is to be a foundation for re-expansion. The demand for Finnish goods abroad is not yet strong enough, nor are prices high enough, to allow for any tampering with company finances.

The prospect for the jobless is poor indeed. There is little hope of employment picking up next year and the Government has revised its target of getting the unemployment rate down from 2.5 per cent to 3.5 per cent by 1982. The best hope of reaching that goal would seem to be for the Government to continue its policy of first getting industry going again and forming a sound basis for more jobs.

To judge by the popularity of Governor Koivisto and the swing towards the right in recent opinion polls, the political atmosphere in Finland would seem to favour just such a policy. If the present move to the right continues to the election, the Conservatives could well increase their strength in Parliament by up to a dozen, possibly making them the second largest party to the Social Democrats. If that happened, their right to come in from the cold and help form a government would have been proclaimed. It could even tempt the Centre Party into deciding to form a non-Socialist government, a move which could affect attitudes in Moscow. The permutations of Finnish policies will continue to fascinate. It is to be hoped that they will not hinder the economic recovery which appears to be just getting under way.

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... and machinery makers fight for their share

IN ORDER to pay reparations to the Soviet Union after the war the Finns had to build up an engineering industry almost from scratch. It was natural for them to concentrate on branches where they had previous experience. One result was the development of a pulp and paper machine manufacturing capacity quite disproportionate to the size of the domestic industry and one which has to compete on export markets with such giants of the business as America's Beloit and West Germany's Voith.

The Finns estimate that they have close to 15 per cent. of the world market for pulp and paper machinery and they are now engaged in a very tense struggle to maintain that share. There is currently a considerable over-capacity on the world market, as the economic recession has curbed investment in new pulp and paper mills, and the Finnish maufacturers suffer like the rest of Finnish industry from high domestic cost levels which hamper their ability to compete in price. This problem was vividly illustrated last year, when Voith succeeded in selling a paper machine manufactured in Brazil to a Swedish customer.

The Finnish manufacturers comprise three main suppliers. The TVW group links Tampella, Valmet and Wärtsilä and produces chiefly paper machines. Rauma-Repola concentrates on pulp-making equipment, in which it has probably been the biggest in the world over the past decade. The Ahlström company has a long-standing co-operation agreement with Karlstads Mekaniska Verkstad, belonging to Sweden's Axel Johnson group, and with Myrens Verksted, which forms part of the Norwegian Kvaerner group. These three market both pulp and paper machinery through the Kamyr company, in which they have equal shares.

Established

Traditionally the Finnish manufacturers have been well established on the expanding Soviet market, where, however, they are now meeting tougher competition from the Russians' own engineering plants and from other suppliers. They are defending their positions partly by co-operating with the Soviet engineering plants (and this includes the possibility of joint tendering for third country contracts) and partly by obtaining a larger share of the bilateral trade. The Russians are now expected to order equipment worth some 300m roubles in the 1981-85 period from the Finnish pulp and paper manufacturers compared with the something over 200m roubles agreed on in the five-year agreement covering 1976-1980.

The Finns other main markets have been Scandinavia, North America and Western Europe and they estimate that the bulk of their sales will continue to be made in these area. At the same time they are energetically looking for new markets, particularly in South America and the Far East. Jaakko Pöyry, the Finnish group which has become the leading world consultant to the forest-based industries, estimates that 75-80 new paper machines will be needed in South America over the next few years, some 60-70 of them going to Brazil. The Finns have not been as quick as Voith to spot this market, but all three main manufacturers are now moving into Brazil.

On the product side, again under the inspiration of Jaako Pöyry's research, the Finns are developing a dual approach. They have traditionally concentrated on the production of very large sophisticated high-speed units designed to meet the requirements of the pulp and paper exporting countries. They will continue to try to maintain their lead in this type of equipment, but are simultaneously designing smaller and simpler machines for use in developing countries. They are also seeking to adapt to the demands of the more advanced developing countries by co-operating with local engineering companies which have the capacity to supply the basic constructional and rough engineering equipment for the pulp and paper mills.

All the Finnish manufacturers suffered from a lack of orders in 1977, although the TVW group collected some important contracts in North America. The devaluation of the Finnmark has, however, improved their competitiveness and order prospects looks somewhat brighter this year. Rauma-Repola and Ahlstrom have won contracts for deliveries to the big new sulphate pulp mill being built by the South Koreans and Ahlstrom's offers department is currently very busy with bids for re-building and modernisation contracts. Many pulp and paper companies now appear to recognise the cash-flow advantages of modernising existing plant, which often means a production stop of only a couple of months, compared with building a completely new mill which would give no production for 18 months or so.

Two recent strategic moves have been the TVW group's decision to invest in a manufacturing unit in Brazil and Rauma-Repola's co-operation agreement with Beloit. TVW is contributing 47.5 per cent of the $15m investment in an engineering workshop employing about 600 people and capable of producing the whole range of TVW paper-making equipment. Its partners are the Brazilian Pilao group and the Brazilian investment company Brazilinvest. This will be TVW's first manufacturing venture outside Finland but it is developing a global sales strategy with licensing arrangements already concluded in West Germany, France, Japan and Spain.

TVW's three partners offer a complete paper-making range but are concentrating their sales pitch on some technically advanced new products. There are the Arcu former machines developed by Tampella and Valmet's Sym-Former range of twin-wire units, for which eight orders have already been received. The latest delivery was to Nordland Papier GmbH of West Germany. The former equipment is complemented by the coating machines developed by Wärtsilä, for which 14 orders have so far been obtained.

Rauma-Repola's agreement with Beloit joins the world's largest paper machine manufacturer with the world No. 1 in pulp machinery and thus represents a natural marriage. The agreement covers South and North America and provides for future joint marketing in the developing countries. In South America, Rauma-Repola and Beloit are trying to penetrate a market dominated by Voith and the Japanese. They plan to set up a manufacturing base on a 30-acre site at Campinas, North of Sao Paulo, with a Brazilian partner, Montero Aranha, which will have a 51 per cent share in the undertaking. A Government permit for this project is expected later this year.

Licence

The agreement also gives Beloit the right to manufacture Rauma-Repola pulp machinery under licence in the U.S. and Canada and exclusive sales rights in North America and Mexico. It therefore organises the whole continent for the two companies and provides Rauma-Repola with a way past the U.S. and Canadian import duties on pulp and paper machinery, which have become a severe burden for the high-cost Finnish manufacturers. Rauma-Repola has averaged sales of pulp machinery of about $100m a year over the past decade, but after the boom in pulpmill investment at the beginning of the 1970s petered out, it is looking hard for new orders.

Ahlström has made an unheralded entry to the Brazilian market through the Kamyr group, which has had an engineering shop for cooking, washing and bleaching systems in operation there for the last eight months. Kamyr claims to be the world leader in the production of such systems. The group, which had rather disappointing sales of SKr 100m ($21.8m) last year, has concentrated on producing pulp equipment designed to reduce energy consumption and to meet stringent environmental requirements.

Last month (Ahlström) notched up orders for the rebuilding of three paper machines, two from domestic customers and one from West Germany. This was a welcome indication that prospects may be improving. Last year some 70 per cent of the FM 668m sales made by the company's engineering division came from pulp and paper machine deliveries but the figure will be lower this year because of the decline in the order intake in 1977.

Ahlström has probably gone furthest of the Finnish manufacturers in co-operating with the Russian producers. It has been involved in joint bids with the Russians in Czechoslovakia and Bulgaria but its experience so far has been that considerably more work needs to be done on solving the practical problems involved in such co-operation.

The Finns have for some time been convinced that the Continental paper-makers will be forced into modernisation programmes which would in turn open up opportunities for Finnish equipment. These hopes have not yet been realised but the Finnish pulp and paper machinery manufacturers have been preparing their positions in territory which has been previously dominated by other suppliers.

In France TVW has made a licensing agreement with Allimand, and Ahlström bought a 68 per cent share in Pierre Hansen in 1976 with the idea of being ready for the restructuring and expansion of the French paper industry. The Finns also have an eye on recent investigations into the wood resources of West Germany, Austria and Switzerland, which indicate that potential supplies are much larger than previously estimated.

W.D.

Forest

CONTINUED FROM PREVIOUS PAGE

12.4 per cent in volume and 26.3 per cent in value over the corresponding period in 1977. But there are strong reservations to be made about these figures. Deliveries were exceptionally low at the beginning of 1977 and the average monthly rate of shipments in the first quarter was no higher than the monthly average for 1977 as a whole. Some prices have been improved but in the wood-free grades, in which the Finns badly need price increases, there is little hope until the chemical pulp price has been stabilised.

The sawmills did much better last year, increasing exports by 12.9 per cent, which brought the volume back to 83 per cent of the 1973 level. The higher prices obtained at the start of he selling season meant that e value of sawn goods exports e by as much as 39 per cent, prices fell again in the mn and prospects for this are more doubtful. The panel industry—plywood, e board and wallboard— in the doldrums. Both on and exports declined in in 1977 and this has been the most hit of all by the fourression.

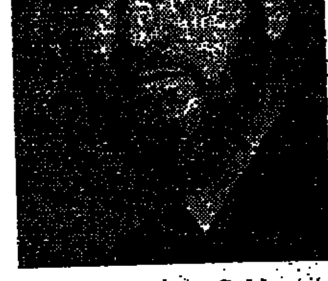
eral the Finnish forest is on the way up again rate of progress is tantalisingly slow. There should be a further increase in exports this year, probably larger than the 5.4 per cent achieved in 1977, and the combined effect of the devaluation and firmer prices in some grades should provide an even larger growth in income. To judge by the first four months prospects for the pulp mills are promising.

But the cost structure of the industry as a whole continues to be a fundamental weakness. In spite of the successive devaluations and the labour shedding rationalisation at the mills the cost/price balance has not yet been restored. Strenuous marketing was responsible for a large part of the increase in export income last year and the industry is still waiting—for the third year running—for a real improvement in demand from its main West European markets. Its short-term prospects are also tied to another outside factor, the performance of the U.S. economy and the movement of the dollar. At home it has to rely on the Government—and any new Government formed after the general election—persisting with the industrial cost-reducing measures it initiated last year.

W.D.

Britain was for long Finland's biggest trading partner, and the tie has sentimental as well as economic strands. On this page Lance Keyworth, Helsinki Correspondent, and Jeffrey Brown interview the British and Finnish Ambassadors and leading Finnish businessmen and industrialists for their views.

The British link



Sir James Cable

Richard Totterman

Helge Haavisto

Sir James Cable

British Ambassador to Finland

Sir James Cable said: "It is rewarding to experience the intense interest taken by the Finns in everything that is British: our language, our literature, our traditions, even our politics. Of all the many reasons, some of them stretching back into the past, for this interest, I want to mention in this connection only one—trade.

"Everyone knows the importance to Finland of the British market. Britain was for long Finland's largest customer, slipping to third place only during the last three years. But Britain still provides a bonus unmatched by any other of Finland's trading partners—a regular annual surplus on the balance of trade amounting to £250m. Britain also buys more from Finland's staple industries—wood and paper—than any other country.

"What is often forgotten is Finland's importance to Britain: eighteenth on the list of our overseas suppliers. As a customer it was only in 1976 that Finland dropped out of the top 20 British export markets: only in 1977 that Finland did not buy more from Britain than did the Soviet Union. Even today Finland ranks twenty-second among overseas customers for British goods, higher than such traditionally British-oriented countries as India or New Zealand.

"In 1977, the 5m Finns bought twice as much from us as did oil-rich Libya; four times as much as the 120m people of Indonesia; more than five times as much as the 900m people of China."

Sir James concluded: "This trading relationship was once even more important to both countries. In the early fifties the British share of Finnish imports was 20 per cent. Today it is only 9 per cent, itself a slight improvement on the ratio I found on my arrival in 1975. I want to see that share further increased. British exporters have an enormous advantage: English is now the second language of Finland. Sales require only the right price, quality and delivery date—and of course the simple pleasure of a visit to Finland. Today, when Finland is beginning to emerge from depression, is the day to start."

L.K.

Richard Totterman

Finnish Ambassador to Britain

"The name of the game is diversification," says Finland's Ambassador in London, Richard Totterman, plucking at a word to describe the way trade between Britain and Finland is presently proceeding. "We need to extend our trading base in the UK beyond the range of pulp and paper products that has tended to dominate the trading exchanges between our two countries."

Round at Chesham Place, SW1, the embassy staff have not quite reached the stage where they feel they can safely uncross their fingers, but it does look as though Finland's policy of creating new markets is beginning to pay dividends.

Despite some erosion in recent years, Britain remains one of Finland's most important trading partners, and in consequence the Finnish Embassy takes an intense amount of care over its commercial relations with the UK. In recent years this has meant the steady promotion of "modern design products" in the furniture, textiles and electronics fields. "Our goods are aimed at the middle to higher income earner. We cannot hope to compete sucessfully in your mass produced market," explains Mr. Totterman, a 51 year old professional diplomat whose connections with this country go back to his days at Brasenose, Oxford.

He seizes eagerly on Finland's recent decision to purchase the Hawk ground attack trainer aircraft as a prime example of his country's keenness to expand markets here. Aimed specifically at widening trading exchanges, this £100m deal with Hawker Siddeley took several years to set up and involves the purchase of enough Finnish goods by Britain to offset its total cost. Already over two-fifths of the reciprocal buying deals have been agreed.

"The Hawk deal is a "tremendously important" step, says Mr. Totterman, towards further cementing trading relationships. He is at obvious pains to emphasise the significance of the trading spin-offs that can be expected from the contract. "At every level we are aiming at a diversified market."

J.B.

Helge Haavisto

Managing Director Rautaruukki Oy

Mr. Helge Haavisto, managing director of the big steel-making company Rautaruukki Oy, looks for increasing diversification in Finnish-British trade. "Economic relations between Finland and Britain have long traditions," he said. "Britain is an important supplier of machinery and equipment to Finland, and for Finnish timber and products of the wood-processing industry the British market has always been important.

"The shaping of the main lines of the trade was far from accidental: it was based on the natural resources and the technical skills of both countries. However, our trade is today a great deal more diversified than what I have just said would suggest. Yet I think that there are still many opportunities for increased trade between Finland and Britain. One possibility of this kind is increase cooperation in the industrial sector in both countries, either in their own markets or in third countries.

"We are very well aware of the technical and physical potential of the British metal industry to carry out large and exacting projects, but we are also convinced that Finland today could offer many advantages that would be useful to the British. I myself represent a steel companyt hat for more than 10 years has maintained very close connections with the British steel industry and the mechanical engineering branch of the sector. We have acquired from Britain, inter alia, three rolling mills with equipment.

"From my own practical experience over many years I can state that our co-operation with the British has been smooth and, what is more important, the plants we have built have proved to be technically first-rate. Over all these years I have admired the way the English have handled affairs and I would also say that the co-operation has brought me good personal friends."

L.K.

Nils G. Grotenfelt

Chairman of the Finnish-British Trade Association

Oy Tampella AB is one of the largest conglomerates in Finland with interests in the forest industry, engineering and textiles. The president and chairman of the board of management is Mr. Nils G. Grotenfelt. He is also chairman of the Finnish-British Trade Association. Here are his views of the British link.

"Finnish-British trade relations have developed on natural foundations. Who can fail to remember the butter ships of the first decade of our independence, or forget to note the island kingdom's great need of processed wood-based products, or our small county's desire for the excellent products of the British machine, car, clothing and luxury goods industries?

"But if we are honest we must say that the honeymoon is over. The decades since World War II have brought harder competition and more ruthless methods. We are no longer the only ones to discover Fleet Street. Butter flows cheaper from Continental Europe and New Zealand. Our own engineering and clothing industries have grown enormously and account now not only for a large part of our domestic consumption but also sell on the world market, not least in Britain.

"Both parties aim consciously in the spirit of the times towards increasing volumes, and not even the wonderful time of EFTA could continue for ever. It was soon followed by the Common Market which at least for us was more troublesome and difficult. This has often occurred at the cost of profitability and price levels, and has been followed by more or less serious economic crises which have further complicated normal trade.

"Whatever problems may arise in Finnish-British trade, one thing is certain. For us over the years, one of the big points for Finnish industry and trade has been British fair play and the open attitude, often tinged with humour, to all problems and situations. This makes the trade both an educational and positive field for those who who are able to participate in it.'

L.K.

Jarl Kohler

Head of UK operations of the Finnish Paper Mills Association

First through EFTA and then via agreements with the EEC, Finland's timber-related trade with Britain has grown six-fold since 1960. Today Britain consumes around one third of total Finnish exports of paper-based products and trading in this area accounts for something like threequarters of the total exchanges between the two countries.

Mr. Jarl Kohler, who heads the UK operations of the Finnish Paper Mills Association (the sales organisation for the Finnish paper industry), points to these statistics with Nordic gravity. And as if to illustrate more graphically the importance of the trading links between the two countries, he adds: "All the problems of the UK are the problems of the Finnish paper sector."

The 43-year-old Finn feels that the worst of the recession is over, however. "We expect sales to improve by up to 5 per cent in 1978." This is not to say that slack demand is suddenly a thing of the past. But a trading base does look to have been found, competitive pressures have evened themselves out and Mr. Kohler looks forward to a progressive lowering of the duties that Finland has to pay on its exports to the EEC.

In this country Mr. Kohler's up hill struggle to keep his sales budgets in trim has been hampered almost as much by Fleet Street and its troubles as by economic recession. Of the 750,000 or so tonnes of paper and paper-related products that Finland hopes to sell here this year, 350,000 tonnes will be in the form of newsprint, with magazine types of paper accounting for a further 200,000 tonnes.

Falling circulations, strikes and a general tendency in recent years for the U.K. publishing houses to cut back newspaper sizes have all been part of the process of regression that Kohler and his team (there are sales outlets in Manchester, Edinburgh and Bristol as well as London) have had to stave off.

However, Mr. Kohler feels that this year will see his industry turning the corner. "We have to concentrate very hard in order to maintain our market share. Competition is keen but there should be plenty of room for everyone."

J.B.

Oy Kaukas Ab's super calendar paper mill.

Engineering

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few bright spots in the gloom besetting the engineering industry but even as they stand at present they cannot solve the problems in the longer term. The industry has been working on a heart-searching analysis to find the main requirements for a solution to the present critical conditions. These cover both the domestic and the export market.

Perhaps the top requirement which is within Finnish control is tax reliefs. The present turnover tax raises the price of investment goods by 16 per cent and weakens competitiveness accordingly. As part of the so-called stabilisation-stimulation programmes, this tax has been temporarily rescinded until the end of this year for new productive investments—but the measure is only temporary. Industry has been lobbying for years for a change to the VAT system but the Left-wing parties will not hear of it.

Another requirement is that the state improves the ability of Finnish engineering companies to grant credit terms that are at last as favourable as those offered by their competitors. Within the industry itself there is a need for further rationalisation and diversification of production but this requires capital which is still in short supply and likely to remain so for some time.

New ideas are being developed — and in part have already been implemented — in the export field. The thinking is that there should be some re-orientation, a move away from the old markets which have long had similar economic problems to those of Finland towards new markets. Examples are Brazil, the oil-producing countries and South Korea.

Barriers

The TVW (Tampella-Valmet-Wartsila) paper machine group recently announced that it will be opening a factory in Brazil where, because of the high tariff barriers, the market has hitherto been a relatively closed one. It is going into partnership in the new venture with the Brazilian Pilao group and the investment company Brasilinvest. The Braziilian partners will hold 52 per cent of the shares.

The TVW, already has co-operation agreements with manufacturers in Japan, West Germany and France. Rauma-Repola Oy will be co-operating with Beloit in Brazil to build a plant to supply pulpmaking machinery in that market. Rauma-Repola also signed a contract recently to supply a complete pulp mill to South Korea where, in co-operation with Outokumpu Oy, it is already building a copper smelting plant. In short, export sales are to be intensified by establishing sales, maintenance and manufacturing units in the main and most promising markets.

Finally a few words about the electrical engineering and electronics branches, which account for about 15 per cent of the total value added of the metal and engineering sector. The electronics branch—radios, TV sets and tubes, and telecommunications equipment—seems to be fairly buoyant. But with all the debate about energy savings the heavy electrical industry — electric motors, generators and transformers—cannot be too happy about the future. Orders are not coming in fast enough, especially as most of the major conventional and nuclear power plant projects are nearing completion.

L.K.

Enjoying life despite the climate

"FINLAND IS a beautiful and wonderful country, but hell's bells, just try living there." So goes an old Finnish saying. Well, this writer has tried for close on 32 years, has survived, and has enjoyed it. Not all of it, but most of it. It is a beautiful country of forests and lakes and clean air and water, good theatres and concert halls in the towns and good casts and orchestras playing in them, impressive architecture, good inter-urban communications, and so on.

It is estimated that about half the Finns living in urban centres are only a generation removed from their homesteads in the country, which might explain their longing to get back to the grass roots whenever the opportunity offers. They will fill the theatres and concert halls when they are in town, but equally will fill their country cottages during the summer (and even winter, for skiing). There is something of the poet and a peasant about this.

It is a delightful, actually necessary, way to live. But it can be exasperating for the outsider. Except for those who like cross-country skiing, and most Finns do, the winter is long, dark and rugged. But winter or summer, fresh air is the thing and half of Helsinki takes off for the wilds at Christmas, Easter and midsummer, much to the chagrin of visiting businessmen and journalists.

It is even worse between Midsummer's Day and some time in August, when half of Helsinki is in a country cottage without a telephone, soaking up the sun if they are lucky enough to have any. Sunshine or not, the Finns want to get back close to the earth, in the best sense of the term, to re-charge their batteries, so to speak. It seems to work.

Of course things are changing, but not much. In some families the youngsters, and even the parents, are spending their holidays, or part of them, in the south of Europe, seeking the sun. It is almost a status symbol now to appear sun-tanned even in mid-winter. Some of the older generation have sold off their country cottages on the lakeside or seashore because the children no longer care to go there.

Primitive

Conditions there can be fairly primitive. All the water has to be pumped from a well or fetched in buckets from a nearby lake. Why the housewife, who in town has hot and cold running water, an electric stove and a washing machine, chooses this hard work for a few weeks in the summer is a mystery.

But she is used to working hard. In town, even if she has a job, when she comes home she puts on an apron and starts to cook. The man comes home from his day's work at the desk, takes off his coat and settles down in the armchair to await the call to dinner.

Another old legend is that the Finns go off to the country in order to be alone, to get away from it all. Yet most of them are constantly entertaining guests. There is perhaps no longer the old desire for solitude, though there is opportunity enough. Finland is the fifth biggest country in Europe, but has only 4.7m people. A few thousand tourists can be added to this number in the summer but few of them invade the privacy of the summer cottage.

Country or town, if there are guests or it is a feast day, there will be burning candles on the table. That is almost *de rigueur*. There will also be colour—bright table mats, a sprinkling of colourful vegetables in the stew or the salad, and gleaming glasses of Finnish design. Colour and design have become very important in Finnish homes, at least to women. The men do not always appreciate these refinements.

In a way the temperature rules the Finnish way of life. The first thing to do in the morning is to look at the thermometer hanging outside the window. That tells you what to wear, long or short underpants, heavy overcoat or raincoat. It also tells whether you can go skiing (from your front door even in town) or jogging or play tennis, etc.

The Finns are sport-mad. In the winter it is skiing, in the summer track and field. Soccer is a relative newcomer, but growing fast in popularity, though the season is for climatic reasons rather short. The winners of gold medals in the Olympics, both summer and winter, are greeted like visiting heads of state on their return home. They are an elite. But the ordinary Finn often skis 1,000 km (725 miles) cross-country in the winter. The President of Finland, who is 78, used to do it every year until recently.

There are one or two other things the Finns do which could come under the heading of sport. One is to walk out on to the frozen sea or lake and spend a day dangling a hook through a hole in the ice in the hope of catching a tiddler. There are even national championships for this form of torture. Another is the totally frightening habit of sawing a large space in the ice-covered lake or sea and having a dip there. There are Finns who do this every day and say that it keeps them free from diseases the year round.

Sauna

Whatever is written about Finland, the sauna inevitably comes into the story somewhere or other. The sauna is not actually Finnish, though most Finns tend to think it is. This is understandable, because they have preserved it in its purest form. Essentially a sauna in Finland means that you strip off your medals and dignity and go stark naked into the steam room where you could boil or fry an egg in the heat. Unofficially, there is a Helsinki Club to which belong the heads of state and premiers who have had a sauna with President Urho Kekkonen, and they include kings and princes.

Some enthusiast estimated that there were nearly 700,000 saunas in Finland in 1960. There must be many more by now, for every new house built has its own sauna and, if it is a fairly luxurious house or block of flats, its own small swimming pool. Most of these have an electric stove. But the nicest are the country saunas, heated with dry birchwood which has a delightful aroma. The ritual is that you sit naked on the bench in the steam room, pour hot water from the stove on to the hot stones and sizzle in the steam for as long as you like. You then dive into the lake or roll in the snow or take a dip through a prepared hole in the ice, and go back for more if you feel like it.

There was an Englishman who became legendary in northern Finland because in all his modesty he went into the steam room in his underclothes. After all, the whole Government (lady Ministers excepted) often take to the sauna to steam out their problems—though they do not always succeed. However, visiting Brits should remember that in the sauna the Finns are playing on their home ground. It is no use making an endurance trial of the experience just to defend the honour of the Empire. The sauna is meant to be enjoyed, not endured.

When the winter is over and the first rays of sun with any heat appear, all the Finns in the streets appear to be looking skyward, as though watching an aerobatic display. From then on the preoccupation is to catch as much sun as possible. The lovely girls reappear, dressed in very little. Where they go in the winter is a mystery.

L.K.

Construction projects

FINLAND IS a country with climatic and natural conditions ranging from one extreme to another: harsh winters and hot summers, granite bedrock and swamp, lakes galore and long distances between settled areas. When the country started its second "industrial revolution" after World War Two, the huge construction projects involved put the planners, engineers, architects and so on to a severe test. They came through with flying colours and enriched with experience and know-how.

But the country, though large in area has only 4.7m inhabitants. Of course there is still a need for new housing and the infrastructure must be continuously improved but by the late sixties the construction industry had reached the situation where it had outgrown the country. By the beginning of this decade it was accounting for 20 per cent of the Gross Domestic Product. There was only one place it could go and that was abroad. As exports are vital for Finland it seemed to be well worth a try.

The first and most natural market was the Soviet Union, right on the Finnish eastern frontier. It was possible to use Finnish equipment, Finnish materials and Finnish labour for work a few miles into the Soviet Union. Projects to hit the headlines included the Paajarvi forestry centre (stages one and two were valued at about $67m), Svetogorsk (enlargement of the cable paper and pulp factory and related jobs, valued at $107m), a cellulose acetate factory also in Svetogorsk costed at some $200m, and Kostamus mining centre. There have been other projects, for instance in Siberia, but these have been more of a metallurgical than construction nature.

As these projects progressed successfully or were completed, Finnish construction groups began to look further afield, especially to the Middle East and some parts of Africa, mainly Nigeria. But they are also making feasibility studies in South America.

Finnish contractors signed contracts in 1977 for over 30 new projects worth about $1.2bn. This is more than the total value of all the export projects of the branch in the period 1960-1976. Some $700m of this was the Kostamus contract for the planning and construction of a mining industry combine and a town for 10,000 inhabitants in the virgin winderness of Kostamus. But $400m was for new contracts in the Middle East. Finnish contractors are now working in 20 countries.

These statistics come from the central organisation of the construction industry, the Association of General Contractors of Finland (AGCF). Its member companies accounted for about 50 per cent of the production in the branch and their invoicing rose to FM 4bn (£525m at the December, 1977, exchange rate) in 1977.

The association keeps its member companies informed of new construction projects being planned abroad. It often has representatives on Finnish trade delegations to foreign countries and helps to assemble a consortium. The managing director, Mr. Lauri Reunala, says: "Contracting exports are now recognised, they were not earlier."

Exports

According to the AGCF contracting exports increased by 85 per cent to near $300m in 1977. The Soviet Union remained the biggest individual market, accounting for 45 per cent, followed by the Middle East (32 per cent), Africa (12 per cent), Comecon countries other than the USSR (7 per cent), and West Europe (4 per cent). Up to now residential and industrial projects have been the most successful, accounting for 25 and 55 per cent respectively, with commercial building and civil engineering taking the rest.

Mr. K. P. Savelkoski, export engineer of the AGCF, says that the services offered by the construction companies of Finland cover the building of comprehensive communities with all facilities, water treatment plants, water supply and sewage systems, schools, hospitals, hotels, silos, cold stores, roads and bridges, infrastructure, basic factories and systems. Indeed all of these services have been carried out or are under construction not only in the Soviet Union but in the Middle East.

In Saudi Arabia Finnish companies are involved in large projects related to water supply and residential areas. A residential project valued at $150m is under way in Iran. A $150m contract has been signed with Iraq for the building of a network of vocational schools. Most of the the major projects in Nigeria have been for residential housing, including whole urban areas. Perusyhtyma, one of the biggest member companies of AGCF, has established a subsidiary in Nigeria. Its first project was a small housing area of 100 residential units on Victoria Island, Lagos. It was completed in seven months.

Some of the Finnish projects involve building in concrete, others more or less wholly prefabricated timber houses. A delivery to Abu Dhabi comprised a flour mill, grain silos and storages. Libya bought three timber-frame schools. There are other Finnish companies working in this sector, though they do not call themselves contractors. One of them is Paraisten Kalkki Oy, more commonly known as Partek. Among other things it builds factories to make housing components. Two of its recent contracts were with Saudi Arabia and Kuwait.

The Saudi deal was a joint venture with Yit, a member of AGCF. The delivery comprises a components factory and the installation of machines plus the technical know-how for the start of the factory to serve the building industry.

It is an example of the way trade is going. The contract was actually signed with a local company styled Mapco, in which Partek and Yit each have a 7 per cent holding. Finnish companies are quite willing to engage in this form of international co-operation. Indeed they have to do so. They can hardly supply all the labour, and the shipment of bulk building materials to far away places in the Middle East would put their competitiveness to a severe test.

"We are contractors," says Mr. Reunala, "and we have the responsibility. But we co-operate with Finnish architects, consultants and engineers, and with contractors on the spot."

There are problems in these ventures. In the Middle East, insurance was a problem earlier but now the Finnish Export Guarantee Board covers the on-demand clause. Financing is not perhaps the worst problem, for the oil-producing countries usually pay cash on the barrel head. But skilled staff for the ever-increasing trade may prove a serious difficulty.

"We estimate that Finnish contracting exports will rise to $400m this year, and $500m in 1980 (at 1977 prices)" says Mr. Savelkoski. "This means that foreign operations will account for about 10 per cent of the value of Finnish construction investment in 1980. But we seem to be running out of skilled staff. We are now going to organise special training courses for export personnel to manage in our export markets, and so on. If our estimates are right, we will need an additional 3,000 engineers in the coming three to four years."

L.K.

Dependence on imported oil

ENERGY POLICY in Finland, a country with limited power resources, suffers from the same lack of certainty about future demand as in other industrial countries, but its future is firmly based on the need for flexibility in sources of supply.

Like other Nordic countries it has a high per capita use of power, due to the energy intensity of its industry and the cold northern climate, although it has a highly developed system of energy saving through recycling of heat both in industry and for domestic use.

More than half the country's energy requirements are met by imported oil, of which 67 per cent came from the Soviet Union last year under a bilateral trade agreement. A further 12 per cent of needs were met by imports of coal (mainly from Poland), 13 per cent came from hydroelectric power and 15 per cent from domestic fuels.

Nuclear energy, which will soon become more important, made up only 3 per cent of the total, natural gas from the Soviet Union, another 3 per cent and imports of electricity from Sweden and the Soviet Union, the remaining 1 per cent.

Clearly the country's high dependence on oil, particularly from one main source, is a cause of some concern although it provides the basis of Soviet exports to Finland under the successful series of five year trade agreements, the next of which will begin in the 1980s.

Although electricity generation is based mainly on conventional coal powered stations, the majority of large industrial companies in Finland generate most of their electricity at their own power plants. Industry actually produces nearly half the country's electricity and consumes about two-thirds of it.

It is therefore understandable that the country's nuclear energy policy is being developed along these lines, with two Soviet designed reactors (Loviisa 1 and 2) destined to supply national needs through the State electricity company Imatran Voima and another two Swedish-designed reactors to supply a consortium of industrial companies.

Loviisa 1 went critical early last year and the major civil engineering work on Loviisa 2 has been completed for some time, although equipment delays have held up its completion. Last year Loviisa 1 generated at below full capacity of 400 MW but nevertheless contributed to a reduction in purchases of electricity from the two neighbouring countries.

Nuclear

The company set up to operate the so called "private" nuclear stations, TVO (Teollisuuden Voima Oy), is owned by member companies (mainly engineering and forest industry concerns) in proportion to the amount of energy they will use. State or publicly owned companies have a 42 per cent share of this equity at present, but this is likely to be raised to 50 per cent eventually.

TVO was established as a non-profit making company, clearly aimed at maintaining the member companies' traditional self sufficiency in power and giving them the benefit of cheaper power from big units. The two ASEA-ATOM reactors are now under construction on the island of Olkiluoto, off the southwest coast of Finland. Each has a capacity of 660 MW and should start supplying power in 1980, with the final cost estimated at $1bn.

Electricity will be supplied through the national grid by arrangement with Imatran Voima, which is likely to come in as the other State partner to raise public ownership. However, it is clear that unless the country's overall demand picks up considerably, Imatran Voima will be faced with some over-capacity when the two TVO plants and Loviisa 1 and 2 are fully operational.

Similarly the member companies will find themselves with spare power capacity of their own, although this can easily be utilised as standby plant. Imatran Voima now faces a period of considerable change, with the four nuclear plants expected to produce around 21 per cent of produced electricity by 1981.

Official energy policy aims at reducing consumption rise to the same level as the increase in GNP, but this objective is an ambitious one. Historically energy consumption has exceeded the GNP growth by around 30 per cent, and in a country where energy saving has been a way of life for many years, this will not be easy. About 20 per cent of households in Finland are now served by district heating, one of the most economical methods, and this could increase to around 40 per cent by the 1990s, but not without considerable cost.

Although Imatran Voima is largely unable, due to its dependence on coal, to influence oil use, electricity legislation passing through Parliament

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Steel exports hit hard

FINLAND'S STATE steel company, Rautaruukki, was last year hit by a substantial fall in domestic steel consumption but at present its main handicap appears to be Viscount Etienne Davignon and European Community steel policy.

Despite the fact that Rautaruukki made a loss of FM 111m in 1977, its performance in terms of a 33 per cent increase in output (to about 2.1m tonnes) and greatly improved exports, did much to justify recent investment which doubled its steel capacity.

However, since the introduction of the Davignon plan, exports into European countries have suffered severely. Last year between 35 and 38 per cent of steel exports went to Europe but things will be quite different this year, the company believes.

Under EEC arrangements with EFTA, of which Finland is a member, the company can sell at only 3 per cent below comparable European prices, an arrangement which Rautaruukki claims to be unacceptable in the conditions now prevailing.

Most steel buyers in Europe, Rautaruukki says, do not think it worthwhile to buy steel abroad to gain 3 per cent, taking into account the convenience of being able to place orders locally. At the same time various other countries such as Spain and Japan are allowed to sell at even lower prices, 6 per cent below domestic EEC prices.

Countries such as Sweden and the U.S. have proved to be good markets, but unless the Davignon plan fails to last, Rautaruukki faces a hard year despite some improvement in home demand. The start-up of two new production facilities could not have come at a worse time, and the company sees it as slightly ironic that it is in effect suffering because of lack of similar investment in EEC countries.

On the other hand its production costs are now much lower than those of most competitors and despite the underlying price weakness in world markets, this should ensure a better future. It will also be important for Finland's engineering industry that steel will continue to be available at competitive prices.

The privately owned Ovaka Group, which specialises in pig iron, crude steel and rolled products and exports about half its production, has not fared so badly in European markets, although this could be a result of its greater specialisation than its State-owned counterpart.

Nevertheless, it too made a loss of FM22m during 1977 although without the dubious achievement of increasing output and sales of FM600m were slightly down on the previous year. However, it reports a considerable improvement in business in the first few months of 1978.

So far the company is rather less concerned about restrictions on sales in the EEC than with the depressed pig iron market, which hit production severely last year. Without State backing Ovaka is also concerned about its liquidity position and had to go to foreign capital markets last year to raise short-term loans.

The company's continuing hope is that its product prices can be increased substantially this year and that its earnings in markets such as the U.S. and Britain can be improved after considerable success in those countries recently.

Without great resources for investment, Ovaka plans to exploit its considerable technical expertise and develop new products. Its successful boron steel technology and its system of reducing fuel consumption in blast furnaces are both regarded as potential areas for this kind of development.

Unlike Rautaruukki, which has its own mines in Sweden to supply a large proportion of its raw materials such as iron concentrates and vanadium (for use in steels for nuclear plant reactors and other heavy duty materials), Ovaka is largely dependent on imports of iron ore from countries such as Sweden, Norway and the Soviet Union and coke from Britain. It is also the main buyer of Finnish scrap.

Competition

In the Finnish market Ovaka faces considerable competition on its products, with around 1m tonnes a year of total steel imports (compared with total exports by Finland of around 700,000 tonnes), with Sweden, the Comecon countries and Britain the major importers.

The most important users of Ovako products are the vehicle, building, engineering and foundry industries. On the vehicle side the company has had some success in the UK market, selling to all the major manufacturers, but recently price levels have been hit by the low prices offered by the British Steel Corporation and by the fall in sterling.

Ovako also used to export around 70,000 tonnes of pig iron to Britain for the foundry industry. This trade has been severely reduced, although it is regarded as significant that even BSC is buying from Ovako in certain specialised areas.

The Finnish mining industry, despite increasingly cheap ore available from countries such as Brazil, makes a major contribution to the iron, steel and other metal industries. The mining sector is dominated by Outukumpu, which also produces almost all the country's considerable output of non-ferrous metals. These include copper, nickel, pyrite concentrates and cobalt. The company also has a large stainless steel division.

On sales of around FM 1.4bn last year Outukumpu made a net profit last year of FM 6.7m and exports accounted for 77 per cent of turnover. Copper and copper alloy products made up 33 per cent of sales, zinc 18 per cent, nickel 10 per cent and stainless steel 6 per cent.

In all these metals Outukumpu has been operating at marginal profit levels because of the weakness in world markets, although the recent price movements on copper, particularly since the troubles in Zaire, have been encouraging for the company. The main long-term concern of Outukumpu, however, is the depletion of its mines.

Overall output is expected to remain the same for the next eight years and then decline fairly rapidly unless any large discoveries are made: this is thought to be unlikely. It is therefore damaging to the long-term future of the company to produce a high output of metals at barely profitable prices, as it has been doing recently.

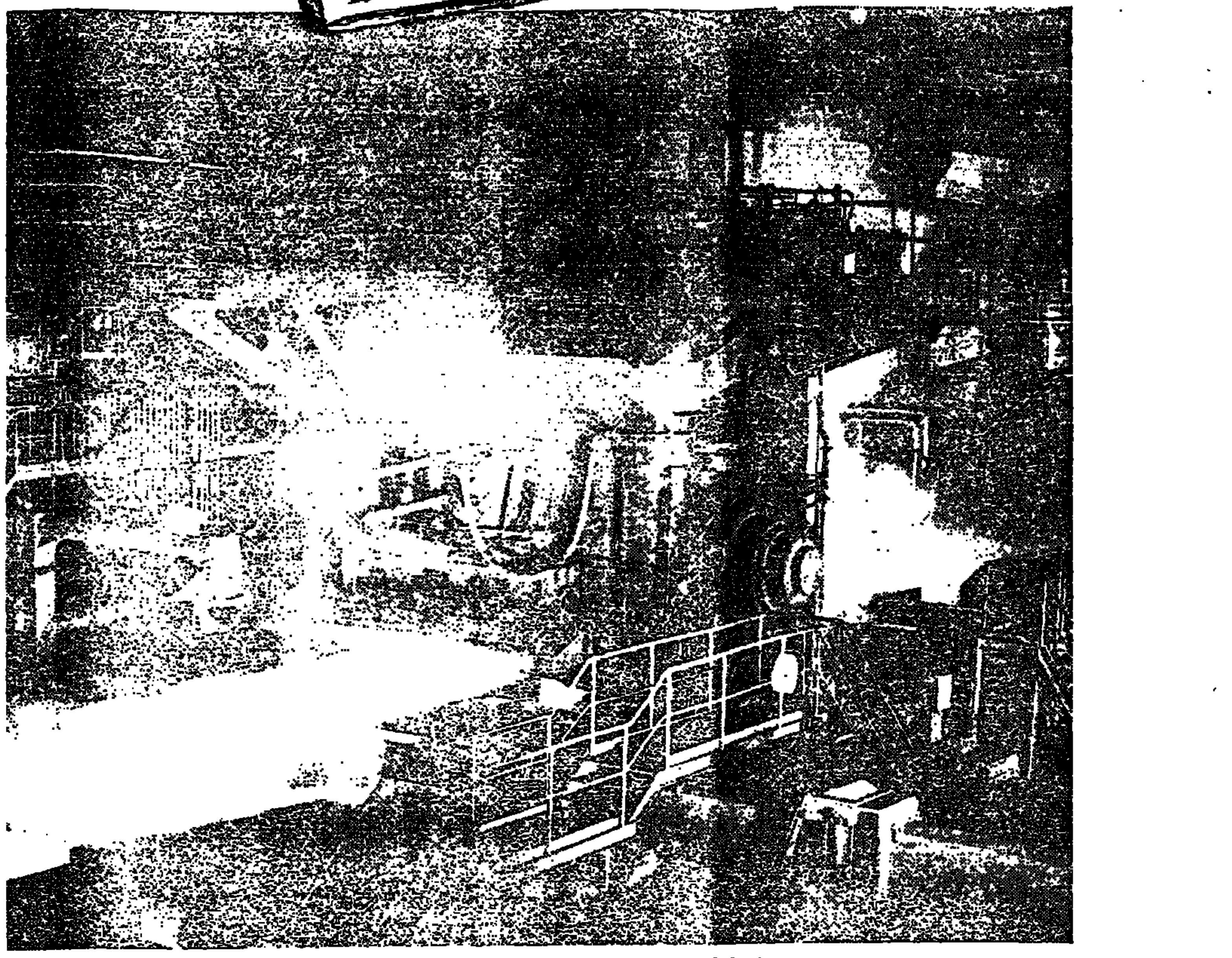
With this in mind the company is looking abroad for opportunities. It has much to offer in terms of plant-building expertise and its technical export division showed a sharp rise in sales last year. Major work last year included copper smelters for the Soviet Union and South Korea (in a consortium including Davy Powergas). Orders for the division at the end of last year amounted to FM 276m.

It is anticipated that the technical export division will account for up to 20 per cent of total turnover in five years' time, mainly because mining activities cannot be expanded significantly without further ore discoveries.

As with other industries in Finland, the mining and metals sector is increasingly dependent upon its skills developed over many years, but because of the lack of demand in home markets and in the case of mining the depletion of raw materials, it is having to look abroad for future earnings.

While the high quality and specialised nature of Finnish products will be helpful in achieving this aim, many other countries facing the same problems are looking abroad as well, and the competition facing Finnish companies will be extremely hard.

L.B.



Rautaruukki's new plate mill which was opened last year.

Dependence

CONTINUED FROM PREVIOUS PAGE

designed to limit the building of new fossil fuel power stations by private industry, thereby holding down ore consumption.

The State-owned oil company, Neste, prefers to take the view that, while oil use for power generation will decrease, as it did last year, there is no real reason to believe imports will slow down significantly. With a newly developed refining capacity of about 15m tonnes of crude a year and an input of about 11m tonnes this year, the company would clearly like to improve this ratio.

It estimates that in 10 years' time nuclear power will be providing perhaps 50 per cent of the country's electricity needs and for this reason it is preparing for a further reduction in output of heavy fuel oil which has already been reduced, partly as a result of higher sales of natural gas, also through Neste. The present gas pipeline from the Soviet Union extends to the industrial regions in the south-east of the country, but only around a third of its 3bn cubic metres a year capacity is now being used.

theeMpeout

Neste, while satisfied with its oil import agreement with the Soviet Union, it is not so happy about the retailing in Finland of Soviet refined products, which are its only challenge in an otherwise protected position as the only crude importer. It is also entering more competitive markets with its downstream petrochemical activities, but it is pursuing a policy of developing its potential in this area.

Unlike other Western oil companies its scope for diversification is limited, mainly by its sister state companies which specialise in areas such as chemicals, nuclear and electricity supply. It does see potential, however, in its engineering expertise and specialist activities such as its know-how in the construction of underground oil storage.

Neste also sees export potential in petrochemicals in other Nordic countries, which have largely avoided development in that direction, and is concentrating on the development of smaller, flexible refineries. However, due to the small domestic demand for some petrochemicals. It is regarded as unlikely that investment in some sectors will ever be made.

Estimate

The most recent estimate of energy demand in Finland is that it could grow by a minimum of 2 per cent and a maximum of 5 per cent a year by 1990 and assuming a median figure of 3 per cent, demand will not catch up with planned capacity until 1985 at the earliest and perhaps not even until 1990.

While the Finnish energy suppliers remain protected to some extent by Government pricing policy this overcapacity need not cause concern, but for Neste it is clearly a time to plan how to meet a rather different type of demand when the time comes. This is when the flexibility of its refining capacity will be crucial to its future.

L.B.

Tourist industry looks for growth

FINLAND'S MAIN attraction for tourists is its natural beauty, particularly the vast expanses of lakes and forests where visitors can be assured of a quiet holiday. But, regrettably summer in Finland is short.

The country earned FM1.5bn last year from foreign visitors, about the same as the turnover of one of the country's larger industrial companies. About 3m people visited the country and stayed for an average of about three days. Understandably, the largest number of visitors came from nearby countries, notably Sweden (2m last year), Norway (300,000), West Germany (300,000). Around 40,000 came from Britain.

Helsinki, a city with a rich history and great charm, is nevertheless visited mainly by businessmen and tourists who are on their way to other parts of the country. Around 60 per cent of visitors last year were air passengers, but an increasing number of people are now arriving in Helsinki by cruise liner, many of them also going to other cities on the Gulf of Finland or the Gulf of Bothnia.

Although the appeal of fresh air and open country (including 60,000 lakes) is attractive to other Nordic people, they have to be persuaded that it somehow has more to offer than their own countries. They are, however, attracted by cheaper prices, probably the lowest among the Nordic nations.

Lakes and forests comprise the bulk of inland Finland, and are among the country's major tourist attractions.

West Germany is regarded as the most promising tourist market and the Finnish authorities are planning to spend around FM75,000 on a promotional campaign there in the near future. In particular, it is hoped that more people will be attracted in the winter season there are signs that cross-country skiing is growing in popularity. The advantages of this it is pointed out, are the lower costs when compared with conventional skiing in Swiss or Austrian resorts, the ease of learning cross-country skiing and its less hazardous nature.

The U.S. with 300,000 inhabitants of Finnish origin, has been a good source of tourists in the past, but this traffic is declining as their links with the home country become more distant. Canada and Spain have more recently been the source of rising number of tourists.

Although no figures are available, it is clear that by far the greatest number of visitors are businessmen. An increasing proportion of them are so taken with the country that they are returning with their families for holidays.

One of the major problems facing promoters of tourism remains a widespread lack of knowledge about Finland and what it has to offer. Research has shown that even its geographical position is in doubt. Some people even think, for example, that it may be part of the Eastern bloc. A Finnair representative in the U.S. was recently taken for an air conditioner salesman.

"Our first task is often educational," a tourist official said. "We have to make people realise what Finland is like, then try to persuade them to visit us."

Exotic

An unusual and exotic area of the country which is attracting more visitors is Lapland, in the extreme north, where the midnight sun is only one of the attractions. For those who like something more adventurous it offers cruises on lakes in the wilderness, shooting the rapids by canoe and trips by reindeer sledge in the winter (when the sun is very much less in evidence). Kairankierto tours (as they are named in Finnish) offered by Finnair last five days and four nights and include these activities plus the ubiquitous sauna.

Finland, a country with a strong emphasis on rural activities, also provides a large range of festivals incorporating a wide range of traditional artistic activity. Perhaps the most famous of these is the Savonlinna Opera Festival, from July 9 to 30. Again, Finnair offers two to five-day tours from Helsinki to Savonlinna with prices ranging from around FM 400 to FM 1,000.

The historic cities of Turku and Tampere have music and theatre festivals respectively, Pori has jazz, and the small village of Kuhmo chamber music. The summer season is rounded off with a major festival in Helsinki in late August and early September.

In general, Finland's prices are favourable by Scandinavian standards with food and entertaining outstanding in many respects. Speciality dishes include a large range of fish, some quite unknown in other areas, which are served in a variety of ways, smoked, grilled and even raw in some cases, but always in a way which is typically Finnish.

The growth in the country's tourism owes much to the expansion of the national airline, Finnair, which offers comparatively low fares on internal flights, many of which are effectively subsidised by the airline's external routes. However, in the year ended March 31 last the airline carried a total of 2.6m passengers, slightly less than in the previous year, largely because of a fall in domestic traffic following a pilots' strike in the early part of last year.

The fleet, which is to be expanded considerably over the next five years, now comprises 35 commercial aircraft, four of which are leased. During the past winter the airline's timetable included 30 destinations abroad and 20 within Finland, a high domestic density for an airline of Finnair's size, but necessitated by the long distances and difficulty of other forms of travel at certain times of the year.

The airline intends to purchase three replacement DC9-51 odels and in 1980 another DC-10, the aircrat it operates on its North Atlantic and other long routes. It is also planning to replace its eight Super Caravelles. An investment programme costing $400m is planned.

Growth in airline traffic over the next few years is also expected to necessitate expansion of the comparatively new Helsinki airport, and Finnair has requested routes to the west coast of the U.S. It currently has five flights a week to the U.S. and Canada, but this is a comparatively small part of the company's overall activity, with a very high proportion of passenger kilometres being taken up with domestic and/or charter services.

Although the number of passengers on domestic routes declined by 6 per cent last year, the total volume of cargo carried increased by the same proportion. However, as a result of dearer fuel, higher airport charges and the high rate of inflation in Finland, fares were increased by 10 per cent at the start of the year.

The rise in air fares caused a sharp fall in demand and for this reason traffic was curtailed during the early part of the year. The decline in revenue passenger kilometres was 11 per cent during the first quarter.

Prospects for tourism in Finland are now regarded with some optimism, although the authorities are faced with a hard task due because of the long winter and the difficulty in persuading the tourist industry to invest in new attractions which may only be used for three months of the year.

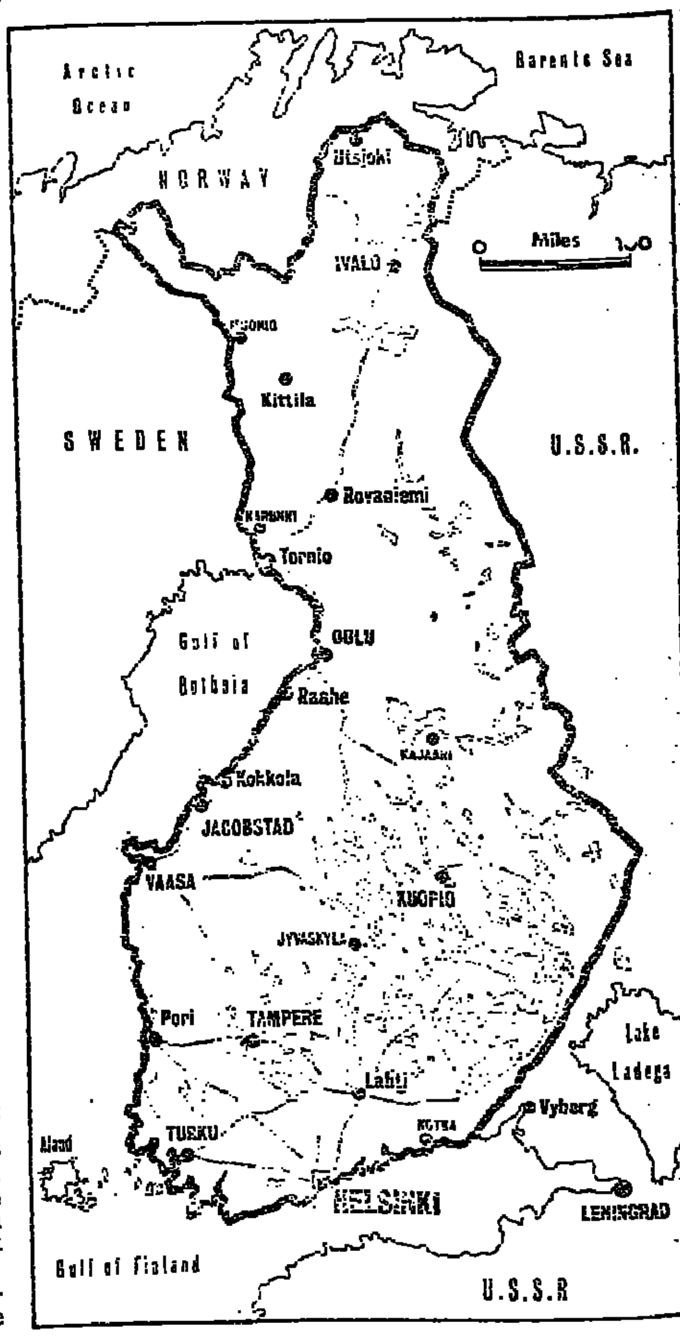
Examined

A number of new opportunities are also being examined, such as attracting more visitors from Japan, where Finnair has a service in the winter, and the possibility of more tourists from the Soviet Union, Finland's largest single trading partner. About 30,000 Russians visit Finland every year, mainly in organised parties, but as one official said, with a potential market of 200m people, it is worth exploring the possibilities of attracting more.

Discussions have taken place on the feasibility of Finland promoting tourism on behalf of the Soviet Union, urging Westerners already in Finland to visit northern Soviet cities such as Leningrad. This will probably be encouraged by the recent introduction of a train service to there from Helsinki.

Much will obviously depend on the comparative costs of flights to Finland, and the effectiveness of advertising in Europe and the U.S. But with the advantage of comparatively cheap internal travel and wide open spaces to offer, Finland's tourist industry could experience some expansion in the coming years.

L.B.



Mini-mill challenge to the steel giants

BY ROY HODSON

THE LATEST problems of British Steel's works at Llanwern and the corporation's reliance on emergency imports again raise the question whether BSC's giant plants were worth building. The question is given added point by the current success of a small private mini-mill operating across the fields from Llanwern.

Once again BSC's 3m-tonnes-a-year works at Llanwern has been idle because a small number of workers were in dispute. This time the blast-furnacemen were responsible for the stoppage which ended yesterday. Little more than a year ago the electricians halted the plant for several weeks.

Each time British Steel loses the output of Llanwern, its biggest modern plant, it is compelled to splutter along like a motor car running on three cylinders.

During the current steel slump Llanwern has been heavily loaded with orders at the expense of other works for the good reason that, when operating, it makes the cheapest steel. It is more efficient than other British Steel plants at turning out flat-rolled products for such markets as tinplate (for canning), hot rolled coil for engineering, and cold reduced sheet for motor car bodies.

To extract the maximum possible advantage from Llanwern's low-cost steelmaking in these hard times British Steel has pushed the plant in recent weeks to a record rate of some 2.5m tonnes a year actual output. The price of such a concentration of effort has been that other older and less efficient steel plants have had to be starved of orders, and parts of them temporarily closed or run spasmodically.

The sudden strike at Llanwern threw the whole British Steel strategy into confusion. It was not technically possible to "rev up" production at other works to fill the gap. Neither the quantity of steel nor the quality the customers demand could be provided at short notice.

British Steel's only solution to the problem was to satisfy its customers by importing prime stell from Europe. Orders had to be placed in Holland. British Steel, which ranks third among the world's top 20 steelmakers, must be the only major group forced to spend up to £4m a week on emergency steel imports: and this in the midst of a grave international steel recession in which other producers are scrambling for the few orders available.

Ironic

British Steel's predicament has been ironic, even absurd. But it is not novel to the corporation. During the past five years British Steel has pursued the biggest steel investment programme in Europe in order to build a series of massive coastal works. Meanwhile, it has repeatedly run into difficulties in supplying its customers. Sometimes the problem has been the misreading of surges in demand for steel. Sometimes technical problems at the new or still incomplete works have left the corporation short of steel. Sometimes—as at Llanwern—a small number of workers have been able to bring a great plant to a halt and rob the corporation of up to 40,000 tonnes a week of prime steel.

The big British steelmaking complexes at Llanwern and Port Talbot, in South Wales; Ravenscraig in Scotland; and Teesside and Scunthorpe in the North of England, are clearly vulnerable to disruption. And the effects of loss of output at any one of them are felt severely throughout the corporation. Is it possible then that in steelmaking small may be beautiful?

The best place to study that question is at Llanwern itself. Recently Mr. Dick Eddy, one of the Llanwern steelworkers, wrote to Sir Charles Villiers, chairman of British Steel. He was questioning the whole concept of industrial cathedrals devoted to steelmaking. His letter read: "Across the fields from Llanwern the future of strip steel already emerges—the Alpha private steel mill which will produce 800,000 tonnes per year on 500 men. Llanwern has problems doing that with 10,000 men. . . ."

An embarrassing letter perhaps to the chairman of a corporation which has gone beyond the point of no return in its investment in big works. But the Alpha works is one of the new facts of life with which British Steel must contend. During the Llanwern stoppage Alpha was continuing to step up production as it runs in the new plant.

The Alpha mill is the latest and biggest of a new breed of steel plant often called the mini-mill. From British Steel's point of view it is certainly the most provocative. It has been built in the very shadow of Llanwern and is quickly increasing production in an identical product.

Alphasteel, the operating company, is financed through Switzerland with technical expertise provided by an agreement with the Greek steel company, Halyvourgiki. That somewhat unlikely combination for a South Wales steel development has built and brought into production in under three years a complete miniature steel works at a cost of below £100m. It is being manned mainly by ex-British Steel men. Some have taken BSC redundancy pay. Others have simply transferred from other steel works in the area.

This year Alphasteel will make an estimated 200,000 to 250,000 tonnes of hot-rolled coil. It may be able to improve upon those targets if the Llanwern strike has the effect of leaving a gap in the market for any length of time. There is only one union at the Alpha works. The management recognises only the Iron and Steel Trades Confederation, the general secretary of which is Mr. Bill Sirs, the chairman of the TUC Steel Committee.

At Llanwern British Steel has to deal with five main union bodies of which one (the National Craftsmen's Co-ordinating Committee) represents 12 unions.

With some 300 workers Alpha will be making about one-tenth as much steel as Llanwern with its 10,000 men. That must be accounted a remarkable achievement by a private enterprise grouping new to the area.

At that level it is hardly a major threat to British Steel. The story will not end there, however. Alphasteel intends to raise output until all four of its electric arc furnaces are being worked to a pattern which will give an output of up to 1m tonnes of steel a year. The company estimates it will need between 800 and 1,000 men for that. Then, when the market looks right, the company plans to instal a cold rolling mill which will convert the hot-rolled coil product into the cold-reduced form of steel needed by the motor industry.

> ❛With some 300 workers Alpha will be making about one-tenth as much steel as Llanwern with its 10,000 men . . . British Steel's production strategy is wedded to the concept of importing bulk supplies of ore and turning it into steel by large-scale production at lowest possible cost at big coastal works. It is now clear that such works are highly vulnerable.❜

At that point the comparison between Llanwern and Alphasteel will begin to look very interesting indeed. On the one hand 10,000 men to make 2.5m tonns a year. On the other hand just 1,000 men to make 1m tonnes a year.

Unlike Llanwern, Alphasteel does not import iron ore and process it in giant blast furnaces. Instead Alpha relies upon supplies of steel scrap which are melted down. But is that an inherent weakness, as some steel experts have argued? The Alpha management says it has not had any difficulty in obtaining scrap supplies and, in any case, it will have the whole of the Common Market to draw upon under the European Coal and Steel Community rules for free trading in scrap between the Nine.

If Alphasteel does raise production to 1m tonnes a year—which seems to be well within its technical capacity—the basic concept of the mini-mill will become somewhat strained.

Originally the term mini-mill was coined to describe a cheap and cheerful system of steelmaking suitable for mopping up steel scrap locally or for installing in developing countries.

Usually a mini-mill consists of electric arc furnaces to melt steel scrap; a continuous casting plant to produce strands of steel from the molten state rather like squeezing toothpaste from a tube; and, finally, a rolling mill to turn the steel into bars, flat coils, rods, or whatever market the plant is designed to serve.

Lately the mini-mill concept has become less easy to determine. Various works have become bigger and more complex than the original concept. A recent Metal Bulletin conference of experts tried to define the modern mini-mill. At the end of a hard day they had to admit that although the quarry had often been sighted, the hunters could not actually agree upon what they had seen . . .

Credulity was first strained in Britain by the Sheerness Steel mini-mill. That plant was originally planned on the island of Sheppey on the Thames on a modest scale to use scrap steel from the London area. But now, under brisk Canadian management, it is making 500,000 tonnes a year, mostly for export.

Thus, two so-called mini-mills—Alphasteel and Sheerness Steel may eventually account for some 1.5m tonnes of Britain's steel output each year between them. They will by then be making about one-third of all the steel produced by the private steelmaking sector.

Although the tonnages are still small when compared with British Steel's 17m tonnes a year they are nevertheless a significant proportion of total British output of steel.

The British Steel Corporation production strategy is wedded to the concept of importing bulk supplies of cheap foreign iron ore and turning it into steel by large-scale production at lowest possible cost at big coastal works. It is now clear—Llanwern's problems have again made the point—that such works are highly vulnerable to technical problems, to long construction times, and to labour disruptions. It is also clear that those weaknesses were not taken into account sufficiently when the strategy was being developed in the early 1970s.

Instead of watching the mini-mills steal its clothes is there anything British Steel can do? One interesting possibility is for the corporation to use its present period of retrenchment upon investment to consider the future of its own electric arc furnaces. The corporation has 33 of them. Perhaps future investment policy might be modified to use some of those furnaces as the centre-pieces of some British Steel mini-mills. The argument against is a strong one. British Steel already has too much steelmaking capacity and as the big coastal works are finished it will have even more. The unions would have to be persuaded to accept new manning practices.

Flexible

Nevertheless there may be ways in which British Steel can turn the mini-mill concept to good use in time to catch the expected upturn in steel demand in the early 1980s. Control of some mini-mill-type production would enable the corporation to be more flexible and a lot less vulnerable to disruption at its big works.

British Steel could do worse than begin its studies at Shelton, Stoke-on-Trent, where conventional iron and steelmaking is to be closed at the end of this month. The employees still believe the works could be continued as a complete unit if an electric arc furnace were to be installed to serve the modern steel rolling mill. Such spending could not be justified at present. But British Steel might be glad to have some works of that size—whether they are known as mini-mills or by any other name—in time for the 1980s steel boom.

Letters to the Editor

Effect of tax reduction

From Mr. T. H. Russell

Sir,—For the life of me I cannot see the reason why Samuel Brittan (June 15) should continue to advocate decrease in personal taxation as the key to improving domestic economic well-being.

Does he not realise that decreased personal taxation results in increased personal disposable income that can be spent on either home or overseas manufactured consumer goods with the resultant impetus to either home or overseas capital goods manufacture and investment?

Over the past few months with the increase in sterling exchange rate, imports have become less expensive in this country (both consumer and capital goods) to the benefit of overseas countries—competitors of UK industry.

The Chancellor of the Exchequer would be much better advised to decrease corporation tax (particularly on industrial companies) while maintaining a limit on dividend payments so that industry can either increase investment and or decrease relative prices while increasing employment and disposable incomes through increased volume sales in home and export markets.

Decreased personal taxation is far too arbitrary in impact to be a meaningful solution to UK industry's investment problems whereas decreased corporation tax has the benefit of bringing direct assistance to both UK companies and UK employees.

T. H. Russell.
"The Elms," Chapel Lane, Epperstone, Notts.

Cost of a phone call

From the Director of Public Relations, the Post Office

Sir,—Your "Society's Today" report (June 7) gave an illuminating insight into the national concern for consumer durables. It is doubly unfortunate that you should have used the item to perpetuate the myth of ever-increasing telephone charges.

Our charges have not been increased since 1975 and we have publicly pledged that there will be no increases at least until 1979. This is a record of price stability which no major industry can beat. In real terms the telephone is better value for money than it has ever been; a major factor behind the increase in demand which you reported.

Peter H. Young.
23, Howland Street, W1.

Education in engineering

From Mr. S. A. Gregory

Sir,—As a professional engineer with much experience in industry before entering university teaching, and with a continuing strong link with industry and the profession, I have had some difficulty in making sense of various recent proposals and statements.

The newly spawned enthusiasm for "enriched" schemes, which seem to disregard market needs, tends to overlook prior work. In my own professional field there has been a truly enriched business and system-based course operating for eight years (this is operated on a sandwich format, but goes beyond the conventional sandwich content and links the business teaching to the final industrial period). Today we are publishing the results from the fourth successive final examination and it is notable how good the enriched stream performance is in comparison with other, parallel, streams. I have been able to monitor closely the performance in industry of two earlier graduates from this scheme and they show an obvious ability to cross boundaries which constrain more conventionally trained engineers. Their work performance, in the eyes of the industrial managers concerned, has been outstanding. One can see little argument for a further year of study except it be for a higher degree.

With respect to design, it is obvious that Prof. French (quoted by Michael Dixon, June 8) when he talks about the shortcoming of professors refers to design in his own field of engineering. As far as chemical engineers are concerned, design is taken seriously at undergraduate level. I would be happy to employ at least one-fifth of the heads of chemical engineering departments in the UK as professional designers. They would be no good at designing electric shavers but first-rate for complete process plants. There is a very good relationship between process user industries, plant contractors, computer software providers, and university departments. We have had two valuable conferences on design recently (1976, 1977) and there will be another in September, 1979. We care about design.

From Mr. Dixon's report it would appear that engineering in production is given a lower ranking than engineering elsewhere ("projective" engineering, in his words). Again it depends upon what you are engineering. It is notable that the general level of performance of the process industries (food, oil, chemicals, etc.) is better than that of the materials forming and assembly industries. Broadly this is not unconnected with the higher quality of technical people employed in the production area.

My studies show that the activity of design is less complex than the activity likely to be faced in the production area of a modern process plant. For good performance in production the demands on management and technical people requires technical, economic and behavioural knowledge broader in scope than is required for design. We have been able to develop methods of following the performance of graduates in design within companies. The comparable monitoring of graduates in production still eludes us.

In the very welcome debate on engineering it would be refreshing if people concentrated more upon market needs, studies of professional engineering activities, monitored performance in industry, and the wishes of engineers themselves.

S. A. Gregory, Reader, Business Aspects of Chemical Engineering.
The University of Aston in Birmingham.
Gosta Green, Birmingham.

No improvement needed

From the Group Personnel Director, Dowty Group

Sir,—It must be unusual for industrialists to spring to the support of academics, but I thoroughly endorse much of what Professor Hanson says in his letter of June 8.

The current preoccupation of the Department of Education and Science with improving education for engineers does appear to ignore the very great benefits and improvements that have come from the introduction of the "thin" sandwich course being offered in many of the universities.

The Dowty Group has been a keen proponent of the thin sandwich course since its inception and we speak with first hand knowledge of the excellence of the system.

The DES must be careful they they do not (even by accident) handicap the excellent work done by many universities, including Professor Hanson's.

K. W. Browning.
Cheltenham.

Professional directors

From the Director-General, Institute of Directors.

Sir,—In answer to the question posed by Mr. Clifford Jackson (June 5), the Institute of Directors is actively considering proposals for a qualification for directors.

But there is an important caveat which Mr. Jackson appears to have overlooked. That is that the effectiveness of a director in his two primary roles, that of corporate businessman and corporate leader, is not capable of academic examination.

That is not to say that it is not possible to test a director over the wide range of other skills he needs to support him in the discharge of his duties. He must, for instance, understand many aspects of company law, of finance, financial and management accounting, of industrial relations and employment legislation, of how an economy and markets work. These, clearly, one can test.

With this in mind, the Institute is considering a modular course in which candidates can study and be examined separately on these different subjects. We shall not be attempting to guarantee the skill of directors as entrepreneurs or as leaders. We shall be setting out to ensure that those who successfully complete the course we propose will be able to offer a guarantee that they possess the secondary, transferable skills that a competent director needs.

However, I neither expect nor wish to see the day arrive when an effective businessman is debarred from serving on a Board of directors for lack of a formal qualification. The primary qualities of business acumen and leadership cannot be tested in the examination hall. They can only be tested in the market-place.

Jan Hildreth.
116, Pall Mall, SW1.

Nuclear power priorities

From Mr. Derrick Streeton

Sir,—The build-up of Soviet military capability makes the headlines but the West will ignore at its peril another threat of equal significance. This concerns energy the key factor that will determine the outcome of a "peaceful" East-West conflict.

While in this country we see misplaced priorities in energy matters, the Eastern-bloc has embarked on a massive programme to gain economic superiority. The provision of secure, diverse and cheap supplies of energy figures prominently in the Kremlin's total strategy, and in this regard the utilisation of nuclear energy has high priority. Over the next few years scores of new nuclear power stations will be ordered, featuring reactor units of 1,500, 2,000 and 2,400 MW of electrical capacity. These ambitious plans indicate clearly that although the Soviet Union is taking major steps to utilise its vast oil, gas, coal and hydro resources the use of nuclear power is seen as being vital in providing low-cost electricity and heat.

At one time this country led the world in nuclear power production, and although we still enjoy "first division" status in terms of units generated, during the next decade we will face relegation unless there is a radical change in policy. No government can afford to play down the role of nuclear power. In this country we need a major commitment to nuclear power in order to sustain, let alone improve, living standards. Without such commitment our competitive position internationally will continue to decline as other Western and the Eastern-bloc countries benefit from cheaper supplies of electrical energy.

The present government believes it is on a "slow but sure path" in building-up our nuclear power base. It certainly is slow but far from being sure. The recent commitment to new nuclear power stations is paltry as compared to the commitments being made by the Soviet Union, Czechoslovakia, East Germany and Poland. The Eastern-bloc plan to have an installed nuclear generating capacity of around 150,000 MW by about 1992. Even Czechoslovakia is expected to have 12,000 MW. By the 1990s many of our existing nuclear power plants will be over 30 years old. In addition, doubts exist over the lifetime expectation of the AGRs. Thus, by the early 1990s we will be fortunate to match the Czech capacity.

At the end of this century the Soviet camp will have a huge nuclear power generating capacity and this, together with their major plans for combined heat and power will provide these countries with an enormous advantage over us unless we move fast in the same direction.

Derrick Streeton.
39, Leasway, Westcliff-on-Sea, Essex.

The rating abomination

From Mrs. J. M. Copeland

Sir,—I have never written a "letter to the editor" of any publication, although tempted to many times. Being a member of the great mass of lethargic public I have felt, like them, unable to compete with those who seem well able to express themselves and put forward their views in a telling manner.

However, regarding Messrs Coker and Campion, who have been speaking up on the vexed question of the rating system in this country, I feel I must do something even if it is only writing to you to say I am one of the mass of the people who heartily agree with what Mr. Campion says (June 12 Letters) —is there no way we can splash this general feeling across the headlines and encourage a great many more people to speak up. Look what happened in the U.S. when the property tax problem became a political issue.

I am a woman who got herself a mortgage to provide a home for her three children and widowed mother. Having no special qualifications other than secretarial, you can imagine the salary level and consequent struggle to pay all the bills. Rising mortgage interest rates, the extortionate cost of gas and electricity—to say nothing of the cost of food, clothing and just about everything else needed in order to exist, are problem enough with the present income tax structure, but the abomination of the rating system is just about the last straw. Then there is the delightfully worded item "value added tax." Just what does that mean?

Of course all the facilities we enjoy have to be paid for, but every working person should pay one tax in some form to cover their share of all these things. At present we are taxed, taxed and taxed again on what appear to be the same items. I feel the one tax should cover everything and, hopefully, if the system was worked out properly in the first place (haven't we any geniuses in in this country?), we should all be able to keep more of our salaries.

An impossible dream? I don't think so.

J. M. Copeland.
Meadow Brook, Send Marsh Road, Ripley, Surrey.

Who carries the can?

From Mr. O. R. J. Lee.

Sir,—While I agree with Mr. Cole (June 14) that our society as a whole is sick, it seems to me that his letter bears out Mr. Webb-Bowen's general thesis (June 9). If everybody joins the conspiracy for mutual inefficiency, how is our society going to recover? Whenever employees say to me "there is nothing I can do about it," I get annoyed and reply "at least you can put me in touch with your manager or director who might have more initiative." The buck must stop somewhere, and in non-nationalised industries which are not subservient to the National Enterprise Board, it stops at the board of directors.

If directors do not accept responsibility for changing things and making progress, then as a country we really have had it. To provide drive, leadership and make the painful economic adjustments required, must not be castigated as rocking the boat but regarded as the essential function of directors. This is the main lesson that worker directors will have to learn before they can become effective.

No less an authority than Peter Drucker considers that even part-time executive duties disqualifies directors from discharging their responsibilities relating to their monitoring of company performance because they are being asked to judge themselves. He goes on to say that many top managers are content to see the board become a legal fiction and would be quite willing to see the board disappear altogether. He then comments that where a board is completely an "inside" board, the board as such has disappeared.

To coin a phrase, even a tortoise only makes progress when it sticks its neck out, so how does Mr. Cole deal with ideas which are so new that they have not yet been shown to work? Somebody has to be first, but not me, implies Mr. Cole. Mr. Webb-Bowen will have to show me that it works before I become receptive.

O. R. J. Lee.
Crosta, 5, West Side Common, SW19.

Today's Events

GENERAL

Liberian Board of Inquiry on Amoco Cadiz disaster hears testimony of the vessel's master, Captain Pasquale Bardari.

EEC Finance Ministers meet, Luxembourg.

Three-day Ministerial meeting of EEC Agriculture and Fisheries opens, Luxembourg.

European fibre producers in talks with unions and Viscount Davignon, European Industry Commissioner, pending signing of agreement to restrict increases in capacity to meet the sector's crisis.

Second day of talks in Washington between trade negotiators for U.S., EEC, Japan and Canada to discuss outstanding issues in Tokyo Round of multilateral trade negotiations.

Mr. Albert Booth, Employment Secretary, addresses International Labour Conference, Geneva.

Confederation of Health Service Employees conference opens, Scarborough.

National Graphical Association conference opens, Isle of Man.

PARLIAMENTARY BUSINESS

House of Commons: Debate of Royal Navy.

House of Lords: Debates on the need for enterprise and innovation to stimulate industrial growth and on report of Select Committee on Hare Coursing Bill.

OFFICIAL STATISTICS

Basic rates of wages and normal weekly hours (May). Monthly index of average earnings (April). Cyclical indicators for the UK economy (May).

COMPANY RESULT

Dawson International (full year).

COMPANY MEETINGS

See Page 10.

COMPANY NEWS

EMAP to enlarge magazine operations

IN ADDITION to forecasting a further increase in profits in the current year Mr. Frank Rogers, chairman of East Midland Allied Press also announces plans for the future expansion of the business.

He reports that 1978-79 has started well and advertising revenue is expected to be buoyant throughout the period. The group's national publications continue to lead the field in motor cycling and gardening: the two evenings and many of the weeklies are also showing healthy circulation gains.

A major marketing effort has been launched to sell additional capacity at Kettering and Peterborough. The chairman expects that the heavy expenditure on plant and advanced technology will begin to pay off during the year and that the return on capital employed in the printing operations will progressively improve over the next two years.

Mr. Rogers tells memebrs that considerable attention has been given during recent months to possible areas for future expansion. In addition to filling the additional productive capacity at Kettering and Wooston it is planned to expand the magazine and retail side of the business.

The group is also seeking opportunities to acquire further magazines and news agencies and the chairman hopes to report further on this during the year.

Early last month the group acquired Green Lane Travel (Air and Shipping), a Leicester-based travel agent.

In the year ended April 1, 1978, group pre-tax profits expanded from £1.07m to £1.62m. Printing and publishing contributed £1.51m and retailing £113,779.

The chairman explains that the greatly improved result came from the newspaper, magazine and retail divisions and from a lower interest charge on borrowings. The contract print division had to meet substantial planned non-recurring costs relating to the installation of the new press and this resulted in a small loss.

Mr. Rogers points out that this major project on the contract printing side will result in a temporary downturn in profit levels until all work has been transferred to the new press and the substantial extra amount of capacity available can be filled.

Although the new equipment has experienced teething troubles the chairman is confident that the decision to expand the contract printing capacity with modern equipment was the right one and that the company will again contribute to group profit later this year.

Looking at the provincial newspaper division the chairman reports that sales of the Kettering Evening Standard increased by 5 per cent during the year. The group is continuing to increase utilisation of productive capacity and anticipate a positive contribution to group profit from this company in the current year.

Revenue from the relaunch of the Peterborough Advertiser as a free newspaper far exceeded expectations. Sales of the evening paper continue to increase and are currently showing a 4.4 per cent rise on last year.

As reported the dividend is increased from 2.86p to 3.63p for 1977-78. In addition a scrip issue in "A" ordinary shares on a three-for-four basis is proposed.

Year-end liquidity showed an increase of £517,000—cash was up from £8,505 to £204,385 and the £321,212 overdraft, last time, was eliminated.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—J. H. Fenner, Great Northern Investment Trust.

Finals—Allied Plant, Chamberlain Phipps, Dawson International, Lilleshall, London Sumatra Plantations, Pelbow, Shaw and Marvin, J. W. Spear, Sterling Industries.

FUTURE DATES

Interims—	
National [illegible] Bank	July 25
[illegible] International	June 23
Vectis Stone	June 22
Finals—	
Austin (E.) (London)	June 23
Avana	June 21
Braby Leslie	June 29
Cawdaw Industrial	June 29
Continental and Industrial Trust	June 22
Hambros	July 7
Imperial Continental Gas Assen.	June 27
London and Liverpool Trust	June 22
Mitchell Somers	July 13
Radiant Metal Finishing	June 20
Somic	June 26

Sekers rises 37% to peak £316,242

A 37 per cent rise in pre-tax profits from £230,647 to a record £316,242 is reported by Sekers International for the year to March 31, 1978. External sales were up 30 per cent at £5.42m.

At halfway, when announcing profits of £133,500 (£118,600), the directors forecast an increase in the full-year result.

All UK operations of the company continued to achieve profit growth, but the New Zealand subsidiary made a small loss which was, in part, due to currency fluctuations, they now say.

Targets for further profit improvement have been set for the current year and results for the first two months are in line with these targets, the directors add.

Earnings are given as 3.89p (adjusted 3.18p) per 10p share, while a final dividend of 0.821p lifts the total payment from 1.1p to 1.514p net, costing £85,886 (£60,726).

In accordance with ED19, tax takes £101,277 (restated £49,853) and in line with this change of accounting policy, £150,322 has been released to reserves at March 31, 1977 out of the deferred tax account of £343,496.

Attributable profits rose from £171,249 to £191,738, after a minority loss of £5,845 (£9,515 profit) and an extraordinary debit this time of £29,072 representing the cost of reorganising London properties and comprising a provision for the loss on the proposed sale of certain group properties, less profit on sales of others during the year.

The group manufactures and sells dress, furnishing and upholstery fabrics and curtains.

FT Share Information Service

The following securities have been added to the Share Information Service appearing in the Financial Times:—

Bamboo Creek Gold Mines N.L. (Section: Overseas—Australia). Central Pacific Minerals N.L. (Section: Mines Australian). Southern Pacific Petroleum N.L. (Section: Mines Australian).

Holt Lloyd plans more expansion

AN AGGRESSIVE expansion policy, both in the UK and overseas, is being continued by Holt Lloyd International, says Mr. Tom Heywood, the chairman, in his annual statement.

A strong group balance sheet and the resources and facilities available to the company will enable the directors to support this policy in the future, he adds.

Members are told that sales and profits in the first quarter of the current year are in line with expectations.

As reported on May 12, pre-tax profits jumped 37.2 per cent, to a peak £2.95m for the year to February 25, 1978, on sales of £29.4m (£22.3m).

On a CCA basis, taxable profit is reduced to £2.48m, after £0.47m cost of sales adjustment, £0.23m additional depreciation, less a £0.22m gearing factor.

Mr. Heywood points out that although it would be unrealistic to expect the same rate of growth as in the past two years the business is moving forward according to plan, and budgeting for above-average growth.

On the UK automotive side, a substantial advance in profits was achieved resulting from the continuing dominance of the group's established brands, with most products increasing their market share.

The company has now reached the stage where more emphasis can be given to new products, a vital area if it is to maintain growth, says the chairman. In April, this year, the company launched three new products, with two of these taking the company into a wider area of household do-it-yourself for the first time.

The ford division reported profits up 22 per cent to £98,000 on sales 38 per cent higher at £3.2m, with both Kilvert and Duerr products continuing to sell well.

Export and overseas business continued to grow steadily with a 29.4 per cent advance in sales to £8.9m. Trading profits were up from £486,000 to £751,000 despite the £180,000 costs of the American programme.

Mr. J. Palmer, chairman of J. H. Fenner and Co. whose 1977-78 interim results are expected today.

Highams expects further profit growth this year

PROVIDING textile imports are curbed as a result of a multi-fibre agreement and consumer spending increases in the latter half of 1978, Highams will again do well and expand profits in the current year, Mr. William Higham, the chairman, forecasts.

As pre-tax profit for the year to April 1, 1978, was up 26.3 per cent to £1.16m (£922,077) on sales up at £24.78m (£20.54m). The net dividend is raised to 3.011p (2.75p).

Mr. Higham says that in spite of increased stocks to sustain the higher turnover, and capital spending of more than £500,000, bank overdrafts had decreased at year-end by £261,000.

The net inflow on trading rose from £483,000 to £625,000, the net outflow on financing dropped from £434,000 to £364,000. The decrease in net bank ovedraft rose from £49,000 to £261,000 and working capital stood at £365,000 at year-end compared with £655,000.

On household textiles he reports improved profitability for the blanket division, continued improvement in furnishing, and a further increase in the sheeting division.

In the spinning division, the Townhead Mill at Rochdale suffered because of imports and has had a struggle to keep production going through lack of sales. New plant has been installed at the Grape Mill, Royton, and, he says, early results are extremely encouraging.

In clothing, Leslie Blass made a useful contribution to profits, and the Skol Clothing Company has once again had a record year, but Kamella had a bad year, and the directors are to terminate their business with small retail shops in September. Stannards operated successfully and took over the Kamella factories in Bridlington, Yorkshire, and Accrington.

Meeting, Accrington, July 12, at 12.30 pm.

Brunner Inv. earnings up

With total gross revenue up from £496,536 to £603,499 and after tax of £176,263, against £173,230, Brunner Investment Trust improved earnings per 25p share for the six months to May 31, 1978, by 0.24p to 1.97p. Net asset value at half-time stood higher at 136p, compared with 117.5p.

The net interim dividend is raised to 1.87p (1.6p). Last time, a final of 1.95p was paid from record pre-tax revenue of £0.94m.

ACE makes first half progress

For the 28 weeks to April 15, 1978, turnover of A.C.E. Machinery (Holdings), construction equipment manufacturer, improved from £1.5m to £1.6m and pre-tax profits rose from £97,000 to £103,000.

The directors say the future is exceedingly promising especially in the industrial field and there is considerable interest being shown both home and overseas.

Orders on the construction side are running at approximately 20 per cent higher than the previous year and on the chemical engineering side at 35 per cent higher.

After exceptional non-trading and non-recurring expenditure of £13,000 (nil) and tax £47,000 (£50,000) the attributable profit is £43,000 (£47,000).

EVER READY

The offer on behalf of Ever Ready Company (Holdings) to acquire the preference capital of Ever Ready (Ireland) has closed.

Acceptances have been received in respect of 15,378 (76.88 per cent) of the shares.

UEI preparing for selective acquisitions

ADDED TO the positive cash flow and borrowing facilities available, a proposed increase in authorised capital at United Engineering Industries by £0.45m to £1.5m will provide ammunition for further development of the business by selective acquisitions, says Mr. C. Boardman, the chairman.

In his annual statement he points out that the year to January 31, 1978, when taxable profit leapt 74 per cent to £1.01m and sales reached £5.88m (£4.17m), showed that the company had been able to increase turnover and profits by development of its existing businesses. The directors believe that this process can continue and they are well placed to finance such growth.

The balance sheet reflects the addition of £315,623 retained earnings, and a further £377,844 arising from the release of deferred tax reserves, together with the conversion in January of the outstanding £750,000 7 per cent loan stock. These have broadened the base of the company from £1.7m to £3.2m in terms of net tangible assets and available cash resources enabled the directors not only to acquire Link Electronics in April this year, for £550,000 cash, but also to repay Link's short and medium term borrowings amounting to £233,394, virtually without using outside finance, Mr. Boardman comments.

By May 26, 1978, group bank overdrafts had risen to £102,990, compared with the 1977-78 year end total of £11,362 and the previous year-end's £80,122. Working capital at January 31 was up £388,300 (£183,431) and future capital expenditure amounted to £113,159 (£28,037) of which £23,500 (£10,810) had been authorised but not contracted.

Meeting, Manchester, on July 7 at noon.

Berkeley Prop. recovery to continue

As non-revenue producing assets are eliminated and the proceeds more profitably deployed the recovery by Berkeley Hambro Property Company should continue, says Mr. J. O. Hambro, the chairman.

Mainly reflecting reduced interest on overseas borrowings and an increase in UK rental income net taxed profits recovered from £335,000 to £840,000 in 1977.

Considerable progress was made during the year in reducing the group's indebtedness by the sale of properties particularly those overseas. This has enabled foreign currency borrowings to be greatly reduced. At the year end total group loans were shown to have been cut from £32.54m to £29.98m.

Since the year end two further important disposals have been made—the interest in Berkeley Hambro Incorporated has been sold to Swire Properties for U.S.$8.5m and the German associate has sold its large office site in Stuttgart at a figure above written-down book value. Negotiations are in hand which it is hoped will enable the group to make further progress with the other holdings in Europe.

As the group reduces the level of its overseas holdings the chairman says that it is concentrating more effort on UK activities. Since the year end the group has acquired for some £1m a large revenue producing freehold property and it is now actively seeking other potentially profitable situations.

Meeting, 41, Bishopsgate, EC, July 7 at 11 am.

Second half acceleration at Milbury

For the year to March 31, 1978, pre-tax profits of Milbury, a subsidiary of St. Piran, advanced from £484,602 to £601,593. Turnover for the period rose from £4.48m to £5.67m.

At halfway profits remained static at £267,000 and the directors said they were confident that the year's result would be satisfactory.

After tax of £41,464 (£28,206) yearly earnings are given at 25.32p (20.87p) per 25p share. As forecast net final dividend is 3.3p for a 4.8p (2.3327p) total. A one-for-one scrip issue is also proposed.

Debt provision hits Victoria Carpets

After deducting a specific provision for Bond Worth Group debt, taxable profits of Victoria Carpets Holdings fell from £247,977 to £126,198 in the year to April 1, 1978. At the interim stage a downturn from a profit of £27,327 to a loss of £13,990 was reported after that provision.

As forecast at midway the final dividend is held at 0.9701p net making an unchanged total of 1.4076p.

	1977-78	1976-77
	£	£
Turnover	12,200,329	10,382,[illegible]
Trading profit	237,177	247,97[illegible]
Exceptional item	†110,979	nil
Profit before tax	126,198	247,97[illegible]
Tax credit	15,506	*1,32[illegible]
Extraordinary credit	15,648	—
Available	157,352	246,6[illegible]
Interim div.	18,566	13,3[illegible]
Final	47,382	29,6[illegible]
"A" Interim	nil	5.13
Final	nil	11,7[illegible]

†Provision for Bond Worth Group debt. *Charge.

BOUSTEAD OUTLOOK

At the AGM of Boustead the retiring chairman, Mr. Harry Roper-Caldbeck, reported that prospects were encouraging for the coming year and that all regions were maintaining progress.

At the following EGM holders gave formal approval to the sale of Windsor (F.M.S.) Rubber Estate, to Malakoff Berhad.

Mr. Harry Roper-Caldbeck has now been succeeded by Mr. Alan Charton.

GUINNESS

Interim Statement

Group Profit for 24 weeks to 11th March, 1978

UNAUDITED

	Notes	1978 £m	1977 £m
TURNOVER		263.8	225.6
PROFITS			
TRADING PROFIT	1		
Brewing		10.3	12.8
Confectionery		−0.2	—
General Trading		2.5	2.5
Leisure		0.7	0.5
Plastics and Materials Handling	2	1.7	0.7
Property		0.1	0.1
		15.1	16.6
Interest charges		3.1	2.7
		12.0	13.9
Investment income		0.4	0.4
		12.4	14.3
Share of profits of associated companies		1.9	2.8
PROFIT BEFORE TAXATION		14.3	17.1
Taxation	3	6.5	8.1
PROFIT AFTER TAXATION		7.8	9.0
Minority interests		1.4	1.1
		6.4	7.9
Extraordinary items	4	0.2	−0.9
PROFIT ATTRIBUTABLE TO STOCKHOLDERS		6.6	7.0
INTERIM DIVIDEND		2.3	2.1
EARNINGS PER 25p STOCK UNIT		7.4p	9.3p

INTERIM DIVIDEND FOR 1978

An interim dividend of 2.6184p per 25p stock unit has been declared which together with the associated tax credit at 34% (34%) is equivalent to 3.9673p (3.6067p) per 25p stock unit, an increase of 10% compared with last year. The interim dividend will be paid on 11th August, 1978.

NOTES

1. (a) Trading profit is after charging depreciation of £5.8m (£4.8m).

(b) The following table shows the trading profit of holding and subsidiary companies resident in each territory:—

	1978 £m	1978 %	1977 £m	1977 %
United Kingdom (including exports)	5.8	38	6.6	40
Republic of Ireland (including exports to U.K. and overseas)	4.4	29	4.8	29
Overseas	4.9	33	5.2	31
	15.1	100	16.6	100

(c) The decrease of £0.3m in overseas trading profit is after taking account of a loss of £0.4m which is attributable to the conversion of the 1978 profit at exchange rates which were less favourable than those used in converting the 1977 profit.

2. The Plastics and Materials Handling figure for 1978 includes the trading profit of £0.9m of White Child and Beney Limited, but the 1977 comparative does not include that company's trading profit of £0.8m as it only became a subsidiary on 14th February, 1977.

3. (a) Taxation includes full provision for deferred taxation and is analysed in the following table:—

	1978 £m	1977 £m
Holding and subsidiary companies		
Taxation arising in—		
United Kingdom	2.1	3.1
Republic of Ireland	1.3	1.6
Overseas	2.2	2.1
	5.6	6.8
Associated companies – share of taxation	0.9	1.3
	6.5	8.1

(b) U.K. Corporation tax has been provided at the rate of 52% (52%).

4. The comparative figure for 1977 includes revenue expenditure of £0.7m arising in connection with the re-organisation of the Dublin Brewery, the formal five year development plan of which was completed in that year.

Although the profits of the first half of 1978 now reported are down on those of the first half of our 1977 year it is my view that the second half of 1978 will show a substantial improvement over the second half of last year. The improvement should be widely based with increases forecast in the trading profit of the Brewing, General Trading and Plastics and Materials Handling divisions, as well as in our share of the profits of associated companies. The improved expectations in our General Trading division will be partly due to our decision to change the year ends of a number of companies in this group from March 31st to dates much closer to the Holding Company's year end. This has been done to facilitate the control and management of the Group and also to provide a more up-to-date consolidation of the Group's activities.

Looking at the year as a whole we now expect that brewing profits will be lower than those of 1977, but that this shortfall will be more than made up by improvements in the non-brewing companies. I therefore can repeat the belief I expressed at the Annual General Meeting in February, that total Group profits for 1978 should be modestly in excess of those for 1977.

R. A. McNEILE
Joint Chairman.

ARTHUR GUINNESS SON AND COMPANY LIMITED

Our Growth in the 70's

	1977 £000	1970 £000
Turnover	46,871.6	10,628.2
Profit before tax	3,536.3	579.8
Profit after tax	1,691.6	385.9
Assets per share	£1.96	£0.36
Earnings per share	30.4p	11.0p
Adjusted Equity Dividends per share	7.02p	1.66p

It is reasonable to expect that the results for 1978 will again be satisfactory. Looking further ahead internal growth and recent acquisitions augur well for subsequent years.

CHAIRMAN

Marshall's Universal

Distributors of motor vehicles and motor components; distributors of paper and board products.

If you require a copy of the Report and Accounts please write to the Company Secretary at—
Marshall's Universal Limited, Marshall House, 463-472 Purley Way, Croydon, Surrey CR9 4BL

SIMCO MONEY FUNDS
Saturn Investment Management Co. Ltd.
2 CANNON STREET, EC4M 6XD
Telephone: 01-236 1425

Rates paid for W/E 18.6.78

	Call % p.a.	7 day % p.a.	3 month % p.a.
Mon.	11.111	8.392	—
Tues.	12.059	8.567	—
Wed.	11.549	8.851	9.625
Thurs.	12.081	8.938	—
Fri./Sun.	11.946	9.873	—

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barking (01-592 4500)	10¾	½-year	1,000	4-6
Barking (01-592 4500)	11¼	½-year	5,000	4-6
Barnsley Metro. (0226 203232)	11	½-year	250	5-7
Knowsley (051 5486555)	11⅛	½-year	1,000	5-7
Poole (02013 5151)	10¾	½-year	500	5
Poole (02013 5151)	11½	½-year	500	6-7
Redbridge (01-478 3020)	11	½-year	200	5-7
Sefton Met. BC (051 922 4040)	11¼	½-year	2,000	5-7
Thurrock (0375 5122)	11	½-year	300	4
Thurrock (0375 5122)	11¼	½-year	300	5-8

John Foster & Son Limited

Spinners and Manufacturers

Comments by the Chairman, Mr. G. F. B. Grant

- Group profits were more than twice as much as in the previous year.
- Direct and indirect export sales accounted for 66 per cent of U.K. turnover.
- Policy of modernisation continues and further new building completed.
- Black Dyke Mills Band continues to win premier awards.
- The company is well placed to succeed in these difficult times for textiles, order books are satisfactory, and activity is likely to be maintained.

Extracts from Group Accounts

	53 weeks ended 3rd March 1978 £	52 weeks ended 25th Feb. 1977 £
Turnover	15,604,136	12,035,242
Trading Profit	867,287	408,460
Profit after Tax	402,693	156,875
Total Dividend per Stock Unit	2.5p	1.625p
Earnings per Stock Unit	6.8p	3.0p

Copies of the Report and Accounts may be obtained from the Company Secretary, Black Dyke Mills, Queensbury, Bradford, West Yorkshire BD13 1QA.

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£25,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 30.6.78.

Terms (years)	3	4	5	6	7	8	9	10
Interest %	10½	11	11¼	11½	11¾	12	12¼	12½

Rates for larger amounts on request. Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 177). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICFC and FCI.

Pending dividends timetable

The dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. Dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year
AAH	July 28	Final 6
*Airfix Inds.	July 19	Final 1.7852
Alexanders Discount	July 4	Int. 4.5
*Allied Brews.	June 20	Int. 1.25
Allnatt London Prop.	July 22	Final 4.5795
*Anglo-American Corpn. Grp.	July 28	Divs. due
Anglo-American Secs.	July 13	Int. 1
Anglo-Transvaal Cons. Grp.	June 8	Final due
Arbuthnot Latham	June 23	Final 5.611
*Assoc. Newspapers	July 3	Final 3.518
*ATV	June 22	Final 3.147
*Baker Perkins	June 22	Final 2.2338
Barclays Bank	July 28	Int. 5.8
Bassett (Geo.)	June 29	Final 4.0336
Bath and Portland	July 5	Int. 1.5
Birmid Qualcast	July 13	Int. 1.35
*BPB Inds.	June 28	Sec. int. 3.426
*Brown (John)	June 23	Sec. int. 5.28
Chubb	June 15	Final 2.2255
Daejan	July 14	Final 1.7875
Daily Mail and Gen. Tst.	July 7	Final 7.312
Davy Int.	July 28	Final 6.6
[illegible]	[illegible]	[illegible]

	Date	Announcement last year
*Kenning Motor	June 21	Int. 1½p
*Lindustries	June 21	Final 3.046
*Lloyds Bank	July 21	Int. 3.715
LRC Intl.	July 20	Final 2.179
*Lyons (J.)	June 22	Final 5.535
Magnet and Southerns	July 19	Final 5
Mercury Secs.	July 21	Final 3.3594
Midland Bank	July 22	Int. 3.75
*MK Electric	June 28	Final 2.69
*NatWest Bank	July 25	Int. 5.165
Neepsend	July 25	Final 2.0937
*News Int.	June 23	Int. 4
*Norcros	June 23	Final 2.46
*Plessey	June 20	Int. 0.45707
*Powell Duffryn	June 20	Final 5.13054
Prestige	July 28	Int. 1.75
*Prop. Hldg. and Inv. Tst.	June 27	Final 3.708
*Racal Electronic	June 22	Final 1.154
Rank Org.	July 18	Int. 2.115
*Rediffusion	June 22	Final 3.415
Redland	July 21	Final 2.042
Rothmans International	July 7	Final 1.1815
Rothschild Inv.	July 19	Final 5.27
*Scapa Grp.	June 23	Final 2.4338
Scot. and Nwcstl.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

RECENT ISSUES

EQUITIES

Issue Price p.	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p.	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
75	F.P.	—	92	82	Bramall (C.D.)	89	...	4.5	3.1	7.7	4.8
100	F.P.	5/7	169	142	Burndene	166	+2	b2.64	3.0	3.4	15.8
154	F.P.	—	58	56	Thames Plywood	55	...	5.0	2.0	8.4	7.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p.	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p.	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights". ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

Danger warnings wanted

FINANCIAL TIMES REPORTER

COMPANIES storing dangerous gases and chemicals will be obliged in future to notify the Health and Safety Executive, if draft regulations published by the Health and Safety Commission become law.

The proposed new rules also cater for the transmission of gases, chemicals and other dangerous substances by pipeline, as well as taking in handling operations for road, rail and sea transport.

A comprehensive hazard survey will be needed for warehouses storing dangerous substances ten times higher than the notifiable level.

The Health and Safety Executive will be able to build up a complete picture of all the potentially hazardous installations in the UK if the regulations become law.

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	11 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	10 %
First London Secs.	10 %
First Nat. Fin. Corpn.	11 %
First Nat. Secs. Ltd.	11 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	9 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster Accept'cs	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.

* 7-day deposits 7%, 1-month deposits 7½%.

† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7½% and over £25,000 7¾%.

‡ Call deposits over £1,000 7%.

§ Demand deposits 7½%.

MINING NOTEBOOK

Western Mining — what to do with them now

BY LODESTAR

THE REVIVAL in the Australian mining market has prompted a spate of queries. And there is no doubt about the share that tops the list. It is Western Mining.

One inquirer even recalled that at the last annual New Year investment dinner, the findings of which are light-heartedly recorded here, I had a side-bet that these particular shares would be standing higher at the end of this year. The price at the time was 98p. It is now 147p after touching 160p.

But it is not the tentative revival in the market for nickel that has put my prediction well on the way to success. It is the latest example of the company's exploration skills in the shape of the exciting drilling results from the Benambra copper-zinc-lead-silver prospect in Victoria in which BP Minerals is the co-venturer with a 49 per cent stake.

Unfortunately the find is in the Snowy Mountains area so at the most no more than one further borehole is likely to be completed before the winter weather halts operations. If this yields similar values to those of the previous two then the shares will undoubtedly have a further burst of strength.

Short-term Western Mining are thus an example of that age-old mining market risk a speculation on the results from a single drill core. In any case a waning of interest is likely subsequently until work can be resumed in the down-under spring.

And the Victoria environmentalists have been quick off the mark in their inevitable criticism especially as the find may be within an area that is being recommended as a national park.

Meanwhile, Western Mining's nickel operations at Kambalda in Western Australia are not yet indicating the kind of earnings recovery that would in itself justify the current share price. Lower earnings and a cut in an already meagre dividend (the interim was halved at 1½ cents) for the year to June is likely to be coming along in August.

The big Roxby Downs copper find in South Australia has the misfortune to have accompanying uranium values, misfortune because the State Government is strongly against the mining of uranium.

While on this subject there has been a curious divergence of opinion about the timing of Western Mining's Yeelirrie uranium deposit's development.

On his overseas tour Western Australian Premier Sir Charles Court put forward a 1982 production date for this project pointing out that it has not got the environmental and Aboriginal problems that beset the opening up of the Pancontinental and Peko-EZ Industries deposits in the Northern Territory.

Disagreement comes from the Minister for Trade and Resources Mr. Doug Anthony in Canberra. He predicts a 1984 start-up date for Yeelirrie by the time it has got its environmental impact statements approved.

I suppose it is at least something in the still confused Australian uranium situation that Mr. Anthony does see Yeelirrie reaching production eventually.

Altogether, while I am still confident of winning my Western Mining bet, it would probably be wise in the meantime to take profits on the shares by selling into any fresh strength that the third Benambra drill result may prompt this month.

It could be time to go in again once the 1977-78 results are out of the way. Then Western Mining would be going forward into its next financial year at least secure in the knowledge that with its piled up stocks of the metal it is well placed to take full advantage of any furtherance of the nickel market revival.

Medium-term there is always the chance that a call may be made on shareholders to put up fresh equity funds.

Pacific Copper

Another query reaching me is whether there is any fresh news about Pacific Copper. Shareholders on this side of the world seem disappointed that the shares have not been more responsive to the Australian market's recovery.

I detailed the latest developments in the company's tungsten and coal projects last month. I said then that the management headed by Mr. Peter Gibb could at least not be faulted for lack of activity.

I now hear that the latest exploration venture concerns alluvial tin-bearing deposits in New South Wales which are also to be probed for gold and platinum mineralisation under a six-month option agreement.

Pacific Copper is also still keen on further expansion into coal with a 90 per cent interest in a prospecting authority in south-east Queensland. Evaluation work is scheduled to start at an early date.

So the management continues to try hard despite its pre-occupation with development of the Torrington tungsten mine and expanding the Singleton coal operation, both in New South Wales.

Marketing agreements should be the next news coming along for these projects. Pacific Copper shares are 40p compared with 35p when last referred to here on May 15.

* * *

A fortnight ago I revealed that North Kalgurli had been offered a loan of A$0.5m (£0.3m) by the Western Australian Government to enable the company to switch its Croesus plant back from the treatment of nickel ore to its original purpose of dealing with gold ores now that the plant is no longer being used by Selection Trust's Spargoville nickel mine.

I gather from Perth that North Kalgurli has accepted the challenge to turn Croesus into a custom mill that could be used by tributors who are still at work on the Golden Mile and who at present have to use the state battery.

It is still thought, however, that the prime objective of the changeover lies in the hope that the gold price will move high enough to warrant the company restarting its own Fimiston gold operations.

It is this possibility that is reckoned to give the shares at 14p some speculative attractions for bulls of gold which on Friday night in New York broke out above its recent $180-$185 trading range.

TEL AVIV

Company	Prices June 18 1978	Change on the week
Banking, Insurance and Finance		
Bank Leumi le Israel	774	+ 3
IDB Bankholding	459.5	+ 1
Bank Hapoalim Br.	425	+ 4
Union Bank of Israel Br.	621	+ 1
United Mizrahi Bank	216	+ 3
Hassneh Insurance Br	700	+ 1
General Mort. Bank Br.	500	+ 10
"Tefahot" Israel Mort. Bank Br.	643	− 11
Land Development		
Africa Israel Invest. IL10	1,445	− 25
Israel Land Develop. Br.	296	+ 12
Property and Building	534	+ 20
Public Utility		
Israel Electric Corp.	151	+ 6
Investment Companies		
Bank Leumi Investment	467	+ 9
"Clal" Israel Investment	278	+ 5
Commercial & Industrial		
Alliance Tire and Rubber	1,442	+ 68
Elco Br.	921.5	+ 12.5
Argaman Textile Br.	292	+ 6
"ATA" Textile "B"	360	+ 5.5
Amer.-Israeli Paper Mills	675	+ 27
Assis	377	+ 41
Elite	486	+ 26
Teva Reg	763	+ 14
Fuel and Oil		
Delek	294	+ 4

INTERNATIONAL COMPANY NEWS

INA plans to launch new bank within 18 months

BY NICHOLAS COLCHESTER

NOTHING LESS than a "very highly specialised universal bank" is planned by Mr. Minos Zombanakis, who resigned last week as chairman of First Boston International, and by his new employer, the mighty INA Corporation of the US.

If all goes according to plan the new bank, as yet unnamed, will emerge in around 18 months' time with a capital of some $50m. This will be jointly held by INA International Holdings, a subsidiary of the insurance company of which Mr. Zombanakis is now chairman, and by Blyth Eastman Dillon, a New York investment bank in which INA has a holding of 80 per cent.

INA also hopes to involve the Compagnie Financiere de Suez, in which it has a 7 per cent stake, in this new venture.

Quite a lot of First Boston talent will have gone into the creation of the new enterprise. The chairman of INA is Mr. Ralph Saul, the former chairman of First Boston in New York who was responsible for recruiting Mr. Zombanakis in 1972 before he left for the insurance company.

The current chairman of Blyth Eastman Dillon, Mr. Al Shoemaker, was also a senior executive at First Boston. Finally Mr. Zombanakis is taking with him Mr. Richard Butler, an executive who helped develop First Boston International's Middle East business.

Mr. Zombanakis is leaving First Boston after becoming increasingly convinced that without powerful backing it is more or less impossible for a Wall Street investment bank's international operations to meet the challenge of Europe's big universal banks.

He felt constrained by the size of First Boston's capital and he makes no secret of the fact that he found the New York top management too orientated towards their domestic investment banking business.

On the other hand he feels that INA can provide the right backing for his ambitious plans. It is an insurance company with a net worth of $1.17bn. It is led by an investment banker and it already owns an investment bank. It is anxious to diversify overseas, and already has a useful connection in its holding in Suez.

Mr. Zombanakis suggests, and INA in Philadelphia confirms, that the new banking entity will substantially expand the existing range of services offered by the international arm of Blyth Eastman Dillon. It will include non-retail commercial banking, money management, advice on mergers and acquisitions as well as the functions of an investment bank.

The first step towards the formation of this new entity will be a development of the overseas operations of Blyth Eastman Dillon International, aided by an infusion of capital. Mr. Zombanakis will be seeking to recruit additional talent for this operation and he will be in talks with Suez in the hope that the French bank will become part of the grand design.

AMEV to hold payment

BY CHARLES BATCHELOR

AMSTERDAM, June 18.

THE AMEV insurance group expects to pay a dividend for 1978 equal to the Fl 5 cash plus Fl 0.50 in shares paid in 1977. In the prospectus for its planned Fl 38m ($17m) rights issue it maintained its earlier forecast that earnings will rise by 15 per cent this year following the 17.6 per cent increase to Fl 71.4m in 1977.

The one-for-10 rights will be used to consolidate Amev's recent acquisitions in the U.S. it said. The company also considers it necessary to strengthen its shareholders' funds in line with the expansion of its activities.

Amev's acquisition of Time Holdings Inc. of Milwaukee became effective in January. It plans a further expansion of its insurance activities in the U.S. and its non-insurance business in Europe.

Net earnings rose to Fl 17.4m in the first four months of 1978 from Fl 15m in the same period last year while turnover rose 28 per cent to Fl 675m.

The rights issue of Fl 5.49m nominal of shares is priced at Fl 70 per share.

Rumasa in brandy deal

By Robert Graham

MADRID, June 18.

THE RUMASA GROUP, the largest private holding company in Spain, has increased its penetration of the wines and spirits business through the purchase of a Jerez-based company, Garvey. The latter is best known for its production of brandy of which it produces some 12m bottles a year.

Rumasa controlled by Sr. Jose Maria Ruiz Mateos is reported to have agreed a purchase price of Pta 600m ($7.5m) of which Pta 150m ($1.8m) will be paid cash. Garvey had a turnover of Pta 2.5bn ($31m) last year, making it one of the 20 leading drinks companies in Spain. Garvey sells 70 per cent on the domestic market, but has 30 per cent of sales abroad.

Rumasa's main drinks company is the sherry group Zoilo Ruiz Mateos. The combined turnover of Garvey and the latter will now challenge the leaders in this sector, Pedro Domecq, Osborne, and Gonzalez Byass.

Orders for New Zealand

THE NEW ZEALAND Export-Import Corporation has reported receipt of multi-million dollar orders from China and South Korea. China is purchasing 15,642 tons of New Zealand-made steel bar, bringing the total sales since April to 25,000 tons, and 55,000 processed cattle hides bringing the total sold since April to 100,000. South Korea is buying 2,000 tons of wire rod and a trial order of 50 tons of bright draw wire for use in manufacturing nails.

French bond issues

THREE bond issues totalling Fr 1.35bn are planned in the French market this week. The local authorities financing body —la Caisse d'Aide a l'Equipement des Collectivites Locales— plans a Fr.800m issue over 15 years.

Elsewhere, the City of Paris is planning a Fr 350m issue with the maturity nearly 16 years. La Caisse Centrale de Credit Cooperatif is raising Fr 200m through a 16 year issue.

Reuter

Currency, Money and Gold Markets

Yen eases from record level

BY COLIN MILLHAM

Publication of Japan's trade surplus for May on Friday was probably the most keenly awaited event as far as the foreign exchange market was concerned last week, but it was by no means the only item of interest.

A slight delay in the announcement of the figures only added to expectations of a very large surplus, with the yen touching a post war high of Y214.80 against the dollar on Wednesday, but in the event the May surplus turned out to be much lower than in April.

A heavy import of crude oil, ahead of a consumption tax which started on June 1, was behind the sharp reduction however, while on the same day that the figures were published the Japan Foreign Trade Council forecast an annual current account surplus of $10bn, compared with Government projections of $6bn. Subsequent analysis left the dollar slightly firmer against the yen at the close in Tokyo, without any central bank intervention.

Trading remained fairly quiet in London, with the dollar finishing at Y216.00, compared with Y216.25 on Thursday.

UK trade figures were also published during the week, but they only confirmed the volatile and unpredictable nature of these figures at the moment. Last month's deficit of £49m, followed a record surplus in April. The market seems to have become accustomed to this however, and sterling was relatively unmoved by the news. It finished the week at $1.8305-1.8315, compared with $1.8263-1.873 on the previous Friday. The continuing improvement shown in Friday's retail prices index, to an annual inflation rate of 7.7 per cent came as no surprise.

The Government's survival in a vote of confidence in the Commons on Wednesday helped to keep the pound steady, but political events in Belgium and Italy had the reverse effect on the Belgian franc and the lira.

M. Leo Tindeman's offer to resign as Belgian Prime Minister pushed the Belgian franc to its lowest permitted level within the European currency snake, while Sig. Giovanni Leone's resignation as President of Italy put some pressure on the lira, although trading remained calm.

Italy also produced new inflation figures on Friday, the consumer price index for May indicating an annual inflation rate fairly stable at 12.3 per cent.

French current account payments figures for the first quarter failed to have any influence on the franc, when announced on Wednesday. It finished the week at FFrs 4.6025 in dollar terms, compared with FFrs 4.6067½ at the close on the previous Friday.

The Swiss franc and Deutschemark were relatively quiet, with most interest centred around the yen.

A rise in U.S. banks' Prime Rates to 8¾ per cent was not unexpected, particularly after Treasury Secretary Mr. Michael Blumenthal's comments in London and Paris about the stability of the dollar. The U.S. currency finished on a weak note, but showed little change from the previous Friday against major currencies, except the yen.

CURRENCY MOVEMENTS

June 16	Bank of England Index	Morgan Guaranty changes %
Sterling	61.33	−41.8
U.S. dollar	88.93	− 5.9
Canadian dollar	85.88	−12.1
Austrian schilling	140.40	+19.1
Belgian franc	110.85	+12.4
Danish krone	115.11	+ 6.0
Deutsche Mark	140.82	+36.0
Swiss franc	181.71	+74.9
Guilder	120.92	+18.5
French franc	98.49	− 4.8
Lira	56.56	−46.0
Yen	137.74	+36.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100)

GOLD MARKET

	June 16	June 15
Gold Bullion (a fine ounce)		
Close	$184¼-185¼	$182¾-183
Opening	[illegible]	$182¾-183¼
Morning fixing	$184.00 (£100.492)	$183.55 (£99.886)
Afternoon fixing	$184.60 (£100.847)	$182.15 (£99.405)
Gold Coins, domestically		
Krugerrand	$191½-193½	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	$55¾-57¼ (£30½-31¼)	$56¼-57¼ (£30¼-31¼)
Gold Coins, internationally		
Krugerrand	[illegible]	$187¾-189¾
New Sovereigns	[illegible]	$52½-54½
Old Sovereigns	[illegible]	$55½-57½
$20 Eagles	[illegible]	$275½-276½
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	100-104

THE POUND SPOT / FORWARD AGAINST £

June 16	Bank rate %	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Kr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Port. Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Span. Pes.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nrwgn. Kr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria Sch.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible].

THE DOLLAR SPOT / FORWARD AGAINST $

June 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* U.S. cents per Canadian $.

EXCHANGE CROSS-RATES

June 16	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound sterling	1.	1.831	3.833	395.5	8.425	3.466	4.113	1578.	2.047	60.15
U.S. Dollar	0.546	1.	2.093	216.0	4.601	1.893	2.246	861.8	1.111	32.85
Deutsche Mark	0.261	0.478	1.	103.2	2.198	0.904	1.073	411.6	0.534	15.69
Japanese Yen 1,000	2.528	4.630	9.690	1000.	21.30	8.764	10.40	3989.	5.176	152.1
French Franc 10	1.187	2.173	4.549	469.4	10.	4.114	4.881	1872.	2.430	71.39
Swiss Franc	0.288	0.528	1.106	114.1	2.431	1.	1.186	455.1	0.591	17.35
Dutch Guilder	0.243	0.445	0.932	96.17	2.049	0.843	1.	383.6	0.498	14.63
Italian Lira 1,000	0.634	1.161	2.429	250.7	5.341	2.197	2.607	1000.	1.298	38.15
Canadian Dollar	0.488	0.894	1.872	193.2	4.115	1.693	2.009	770.5	1.	29.38
Belgian Franc 100	1.663	3.044	6.372	657.5	14.01	5.763	6.837	2623.	3.404	100.

MONEY RATES

NEW YORK	
Prime Rate	[illegible]
Fed. Funds	[illegible]
Treasury Bills (13-week)	[illegible]
Treasury Bills (26-week)	[illegible]
GERMANY	
Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
FRANCE	
Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
JAPAN	
Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

LONDON MONEY RATES

June 16 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

INSURANCE

Cover for employees working overseas

BY OUR INSURANCE CORRESPONDENT

MORE COMPANIES involved in international trading find it necessary to send employees abroad, for short trips or what amounts to semi-permanent residence.

Often, such employees risk injury during travel and also illness, because of change of climate and environment.

If his disability is serious enough, the employee may have expensive treatment locally or be repatriated for medical treatment. During the period of this disability, the employer may find it necessary to send out a substitute to carry on the work.

But it is not necessarily only the employee abroad who poses these problems for the employer —it may be his or her family as well.

If the employee is allowed to take his wife and children abroad, he puts his family at the same risk as himself.

Contract

If he leaves them at home, he may have to return suddenly in the event of injury or illness to one of them.

Much depends on the terms of the contract. But even if the employer does not incur a positive legal duty for family expenses, he will probably feel he has a considerable moral responsibility.

Many of these risks can be insured by the employer, whether he stands to incur financial expense as a strict contractual obligation, or whether he just wishes to provide his employees and their families with wide welfare benefits.

This kind of insurance started as an adaption of the group sick pay scheme so many companies arrange for their protection or for the benefit of staff employed at home—yet its purchase for overseas staff is so often overlooked.

In addition to providing weekly disablement benefit, medical expenses and repatriation expenses, payment of capital sums can be arranged for death, loss of sight or limbs and other serious injury.

The more cover that the particular firm requires, the more may the group policy resemble the basic travel insurance most of us buy for holidays abroad.

Cost varies widely and depends on the number of staff and dependents insured, the duration of the trips or the periods of residence, the maximum period of disablement payment and the sums insured, and the foreign territories involved.

Insurers now have to consider political uncertainties in various parts of the world and may require the exclusion of war and related risks.

Such risks can often be covered by special policies written at Lloyds—and any employer wanting war or political risks insurance for staff abroad should seek the advice of a Lloyds' broker.

Incidentally, it is worth remembering that, where employees have to undertake frequent short visits, annual insurance can be arranged on a declaration basis against payment of a deposit premium, so that the cover is always immediately available.

The employer then has to a statement of the trips undertaken, and may have to pay premium beyond his deposit if he uses up more cover than he has paid for.

Just as he can arrange cover for the health and life of his employees and their families, so the employer can arrange insurance for their possessions and money, on the lines of baggage and money cover provided in holiday travel insurance policies.

Liability

It should be cheaper and easier for the employer to arrange group cover for his staff, but for the individual employee who has to arrange his own protection abroad, Norwich Union has just introduced its new "overseas personal policy."

This package provides home contents cover in terms similar to that available here, "all risks" cover on clothing and personal effects, disablement insurance for the family against accident anywhere and sickness in certain countries, with medical expenses and personal liability cover.

Start fighting Labour threat, builders told

BUILDERS should stop being apathetic in fighting Labour's proposals to nationalise the building industry, Mr. Frank Gostling, president of the National Federation of Building Trades Employers, said at the week-end.

He cautioned the federation's Yorkshire region conference in Scarborough on "the dangerous apathy I detect among some of our own members over Labour's plans.

"If our industry, which is under direct threat, cannot galvanise into action to defend itself against these proposals, we might as well just wait for the bureaucrats and their Left-wing political masters to take over.

"The word 'nationalisation' appears nowhere in Labour's policy statement or the supporting booklet.

"Of course, Labour does not intend to 'nationalise' the construction industry, say the authors of these proposals. They merely intend to take a 'public stake' in the industry.

"It would be a stake all right —right through the heart, and the writing on the handle would be the word 'Nationalisation.'"

OVERSEAS MARKETS

INTERNATIONAL BONDS

BY FRANCIS GHILÈS AND MARY CAMPBELL

French banks fight and win

THE BOND markets lived through another dull and rather depressing week culminating on Friday in the announcement that prime rates in the U.S. and interbank Eurodollar rates had moved to their highest levels since January 1975. Prices eased on Friday after having held up well in thin trading during the week: the increase of the $30m Baker convertible after strong demand was the only element of cheer.

Matters did liven up however as the week wore on: the row which flared up in mid-week between the Trésor and the Direction des Impots (the tax authorities) in Paris threatened to stop French borrowers from raising funds in the international bond markets.

As it is the pricing of the Sociétés de Developpement Regional issue was delayed and the announcement of issues for the Crédit National and the Banque Internationale pour l'Afrique Occidentale were held up. By late Friday evening however, the argument had been solved in favour of the Trésor and the banks.

In a rather different area, the $100m floating rate note for Offshore Mining Company of New Zealand suggested that such a form of borrowing for sovereign credits may become more popular in a period of high interest rates.

The problems where the French issues are concerned arise from an attempt by the tax authorities in Paris to reinterpret an existing law. They insisted that henceforth tax should be deducted before interest payments are made on international bonds issued by French borrowers and held by French residents. Implementation of such a regulation would be a very complicated affair.

International bonds are bearer instruments and holders simply have to appear at one of the offices of a bank which is nominated as paying agent with the bond in their hands for the coupon to be (literally) cut off and payment of interest made. French bankers questioned whether it was legally possible for paying agents to be required to perform this task. If implemented French borrowers would have found it difficult to issue international bonds since a large proportion of the investment comes from within France.

Ominous signs of the Direction des Impots's new thinking appeared earlier this year when a number of changes at the higher echelons of the Direction, according to French bankers. Some argue that recent events helped to bring the matter to a head.

After the general elections last March, the Ministère des Finances was split in two: the Direction des Impots went to the new Ministère du Budget while the Trésor went to the Ministère de l'Economie. The same bankers argue that the new interpretation of existing regulations which the Direction des Impots was seeking to impose was the result of ignorance, the Direction simply had no idea of the likely consequences of what they were pushing for.

Before the argument was resolved in its favour the Trésor would not be drawn further than to say that it was quite happy with matters as they had operated up to now and saw no reason for change. It did battle with the Direction des Impots and won.

It would have been most unfortunate for French borrowers if it had not. For the first time since March French entities are back in the markets, and not only the bond ones, en force. The Trésor has just proved its mettle once again by helping the Caisse Nationale des Télécommunications get a spread of ¾ per cent on a large credit, the finest terms in the current cycle.

The launching last Friday of a medium term loan ($350m for seven years) and a floating rate note for Offshore Mining Company provides a very good opportunity to compare the floating rate note market (FRN) with the syndicated lending one. This is partly because the FRN has no minimum rate attached to it, which allows for a more direct comparison than is usually the case. This is all the more true as the same borrower seldom taps the two markets simultaneously.

The spread on the medium term loan is ⅝ per cent over the London interbank offered rate (Libor) and is considerably higher than the ¼ per cent point above the mid point between the London interbank bid rate and the offered rate which is payable in the case of the FRN. Since the difference between bid and offered rates is ⅛ of a point, the spread on the FRN will be 5/16 over Libor.

The size of the fees in the medium term loan are not known, but bankers said on Friday that ¾ per cent would be standard for this borrower in today's market conditions. This compares with a total of 2 per cent on the FRN (⅜ management fee, ⅜ underwriting fee and 1¼ per cent selling group discount). If one divides these fees by eight (the final maturity of the FRN) one reaches a spread in the case of the medium term loan of some 0.70 per cent and in the case of the FRN, about 0.60 per cent.

Because so much higher a proportion of the yield in the case of the FRN is derived from front end fees, the comparison changes significantly if one applies discounted cash flow techniques (DCF) to the sums. According to one of the banks involved the application of DCF techniques to the FRN pricing would bring down the spread on that to 0.44 per cent per annum while it would have much less effect on the spread on the medium term loan.

Insofar as banks or corporate treasurers invest in these instruments, they tend to do so through their money market departments, so that they are comparing the yields on FRNs with the yield on, say, certificates of deposit (lower than inter bank rate) or on inter bank deposits themselves.

However if during the prospective period of relatively high interest rates—which is likely to cut back the volume of fixed rate offerings—the floating rate market proves receptive to significant numbers of floating rate issues by sovereign borrowers then banks will presumably have to start reviewing the relative advantages of the FRN against the syndicated loan.

The lower level of margins on FRNs also provides an interesting comment on the falling spreads in the medium term market. At ⅝, syndicated loans look generous by comparison with FRNs; at the half point which the French Caisse Nationale de Telecommunications has just negotiated, the attractions are much less evident.

Other sectors of the market were quiet: in the Deutschemark sector Japanese convertibles outperformed the market, because of the strong performance of the Tokyo stock exchange.

In the Yen sector, the World Bank will launch a Y75bn and Brazil a Y35bn loan next month while New Zealand and Denmark will launch issues in August and EDF is expected in early September.

BONDTRADE INDEX AND YIELD

	June 16		June 9		1978 High	1978 Low
Medium term	99.25	8.01	99.36	7.99	99.84 (19/4)	99.15 (16/2)
Long term	93.02	8.71	93.23	8.65	94.07 (19/4)	92.99 (1/6)

EUROBOND TURNOVER
(nominal value in $m)

	U.S. dollar bonds last week	U.S. dollar bonds previous week	Other bonds last week	Other bonds previous week
Euroclear	1,302.1	1,296.1	315.8	335.2
Cedel	209.6	1,055.4	519.1	200.8

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupons %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
††§Ito-Yokado	50	1993	—	*	*	Goldman Sachs	*
††Ito-Yokado	20	1983	5	*	*	Goldman Sachs	*
††CCCE (g'teed France)	75	1998	13	*	*	Dillon Read	*
§ASICS Corp.	15	1993	—	6¼	*	Yamaichi Int., CSWW	*
						Blyth Eastman Dillon, Goldman Sachs, Warburg	5.5
‡§Baker Int. Fin. NV	40	1993	—	5¼	100	S. G. Warburg, CSWW	*
Hydro Quebec	50	1993	¶	9¼	*	Société Générale	*
†Ljubljanska Bank	30	1985	5.5	7¾‖	*	Merrill Lynch White Weld Capital Markets Group	*
††Norway	100	1983	5	*	*		
†Offshore Mining Co. (g'teed N. Zealand)	100	1986	7.6	—	*	S. G. Warburg	*
†Crédit National (g'teed France)	75	1988	8	5¼‖	*	BNP	*
†Banque Internationale pour l'Afrique Occ.	20	1985	n.a.	6¼‖	*	BNP	*
SWISS FRANCS							
‡Oy Nokia	20	1990	n.a.	5	100	Banque Scandinave en Suisse	5.0
‡Voest-Alpine	100	1993	n.a.	4¼	99.5	Credit Suisse	4.547
Finland	80	1993	n.a.	4¼	*	Swiss Bank Corp.	*
YEN							
‡City of Stockholm	10bn	1990	7.96	6.4	99.70	Yamaichi Sec.	n.a.
SAUDI RYALS							
BNDE (g'teed Morocco)	200	1983	5	8½	100	UBAF	8.125
UNITS OF ACCOUNT							
Soc. de Dev. Regional (g'teed France)	22	1993	10.5	7	*	Banque de Paris et des Pays-Bas	*

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ‖ Minimum. § Convertible. ¶ Purchase fund. †† Registered with U.S. Securities and Exchange Commission. Note: Yields are calculated on AIBD basis.

Indices

NEW YORK—DOW JONES

	June 16	June 15	June 14	June 13	June 12	June 9	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	836.97	844.25	854.56	856.98	856.72	859.23	866.51 (6/6)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bn'ds*	87.90	87.96	87.89	87.66	87.60	87.50	90.66 (4/1)	87.50 (9/6)	—	—
Transport	222.29	225.46	229.21	229.74	230.18	230.72	261.55 (6/6)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.18	105.51	106.16	106.02	106.36	106.83	110.96 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's†	27,690	29,280	37,290	30,760	29,440	32,470	—	—	—	—

*Basis of index changed from August 24

	June 9	June 2	May 26	Year ago (approx.)
Ind. div. yield %	5.43	5.50	5.59	4.81

STANDARD AND POORS

	June 16	June 15	June 14	June 13	June 12	June 9	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	107.64	108.70	109.96	110.15	110.07	110.52	110.55 (7/6)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	97.42	98.34	99.48	99.57	99.55	99.93	100.32 (6/6)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	June 14	June 7	May 31	Year ago (approx.)
Ind. div. yield %	4.90	4.86	5.01	4.39
Ind. P/E Ratio	9.44	9.51	9.29	10.17
Long Govt. Bond yield	8.44	8.43	8.51	7.56

N.Y.S.E. ALL COMMON

June 16	June 15	June 14	June 13	1978 High	1978 Low
54.60	55.31	55.88	55.91	56.20 (8.6)	48.37 (6/3)

Rises and Falls

	June 16	June 15	June 14
Issues traded	1,871	1,878	1,912
Rises	367	355	794
Falls	1,099	1,144	685
Unchanged	415	379	433
New Highs	32	58	132
New Lows	38	32	35

		June 16	June 15	June 14	June 13	1978 High	1978 Low
MONTREAL	Industrial	184.45	185.08	184.85	183.81	185.08 (15/6)	162.[illegible]
	Combined	193.22	193.80	195.54	192.77	194.00 (6/6)	170.82 [illegible]
TORONTO	Composite	1145.4	1148.0	1146.4	1142.5	1148.0 (15/6)	[illegible]
JOHANNESBURG	Gold	216.3	214.0	214.7	215.5	[illegible]	[illegible]
	Industrial	237.2	234.0	230.5	227.9	237.2 (16/6)	[illegible]

	June 16	Previous	1978 High	1978 Low
Australia (*)	496.63	500.87	501.54 (15/6)	441.19 (1/3)
Belgium (‖)	96.64	96.28	101.16 (5/2)	95.45 (25/6)
Denmark (**)	95.91	96.20	98.15 (9/1)	94.00 (6/2)
France (††)	69.4	69.9	71.2 (30/5)	47.6 (6/2)
Germany (‡‡)	800.2	795.2	812.7 (10/2)	759.4 (17/3)
Holland (§§)	86.6	86.7	[illegible]	76.0 (4/4)
Hong Kong (¶¶)	644.26	546.64	546.64 (15/6)	383.44 (13/1)
Italy (‖‖)	61.91	62.71	[illegible] (22/6)	50.45 (10/1)
Japan (a)	412.76	412.35	418.11 [illegible]	364.04 (4/10)
Singapore (b)	323.61	321.90	323.61 (16/6)	282.0 (1/6)
Spain (c)	103.56	103.77	[illegible]	[illegible]
Sweden (e)	368.28	367.94	[illegible]	325.74
Switzerl'd (f)	294.6	295.4	[illegible]	[illegible]

Indices and base dates (all base values 100 except NYSE All Common — 50; Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (*) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

NEW YORK

GERMANY ◆

JOHANNESBURG

MINES

INDUSTRIALS

Securities Rand $U.S. 0.71½ (Discount of 37.82%)

AMSTERDAM

CANADA

COPENHAGEN ✦

STOCKHOLM

BRUSSELS/LUXEMBOURG

AUSTRALIA

TOKYO ¶

Source Nikko Securities, Tokyo

SWITZERLAND ◆

MILAN

PARIS

VIENNA

BRAZIL

Source: Rio de Janeiro SE.

OSLO

SPAIN ▼

HONG KONG

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

FINANCIAL TIMES SURVEY

Monday, June 19 1978

Yugoslavia

For 30 years Yugoslavia has presented Europe and the world with an intriguing and successful exercise in non-aligned socialism. The popular mood is optimistic enough even to contemplate a future without the legendary Marshal Tito, now in his 87th year.

Unshaken faith in its chosen path

By Anthony Robinson, East Europe Correspondent

YUGOSLAVIA HAS come a long way since the publication on June 28, 1948, of a few lines on the inside pages of a Czech newspaper announced to the world that Yugoslavia had been expelled from the Cominform. Since then it has travelled its own road, pursuing the principles of national independence and non-alignment and its own particular admixture of authoritarianism and democracy.

Just how far Yugoslavia has come since those harsh wartime and post-war years is likely to be spelt out in the speech which Josip Broz Tito, President of Yugoslavia and the League of Communists of Yugoslavia (LCY) is due to make tomorrow, at the opening of the Party's 11th congress. It is expected to be something of a political testament, surveying past achievements and expressing the faith that Yugoslavia will continue along its chosen path under the leadership of the League Communists.

Vitality

Although 86, President Tito still shows extraordinary vitality. He recently completed an exhausting series of foreign visits which took him to the capitals of all three super powers. His visit to China must have been particularly satisfying. After years of vilifying Yugoslavia as arch-revisionist the new Chinese regime has finally recognised the virtues of non-alignment and independence from the super powers—particularly one of them—and has sent several delegations to study the Yugoslav system of self-management. Even Mrs. Thatcher declared herself impressed by Yugoslav achievements when she visited the country earlier this year.

At home too President Tito still keeps a close eye on political developments, aided by the small group of fellow partisans from the old days like Edvard Kardelj and Vladimir Bakaric. Over the years some of Tito's former close friends and colleagues—such as Milovan Djilas or former secret police boss Aleksandar Rankovic—have fallen from grace and now live in comfortable retirement. But only one relatively young man, Stane Dolanc, the tough but affable party secretary from Slovenia who helped to sort out the nationalist problems in Croatia and Serbia in 1971, has moved into the inner circle alongside General Nikola Ljubicic, head of the army, and *General Franjo Herljevic*, the Minister of the Interior who is also in charge of the secret police.

But on an organisational level the top decision-making machinery within the LCY is being changed. The old executive committee of the central committee is to be abolished and the presidency of the central committee is to be cut down in size from over 40 to 24 members (three leaders from each of the six republics, two from the two autonomous provinces, one from the army, and President Tito himself). Stane Dolanc, secretary of the old executive committee, is expected to be confirmed as secretary of the new-look presidency at the congress itself.

As for the top organisation of the Yugoslav Federal State, this has already been reorganised *into an eight-man collective* presidency (plus President Tito who is president for life). When Tito dies the mainly ceremonial functions of the President of Yugoslavia will be taken over by one of the eight members of the collective presidency on a strict rotation basis, similar to that operating in Switzerland.

All this is a slightly roundabout way of saying that the institutional arrangements for the post-Tito period are now known, agreed and ready to function when needed.

They go a long way to answer the question of what happens after Tito goes. Great care has been taken to ensure that the maximum devolution of power and responsibility has been accompanied by the maintenance of a strong core of ideological and political authority which up to now has been backed up by the *authority of Tito himself.* It was, and still is, an authority stemming from what a British *academic once described as* "an extraordinary mixture of martial charisma and constitutional informality almost amounting to a political *droit de seigneur*"

That right was exercised to great effect in 1971/72 to defuse what was then seen as the most serious challenge to Yugoslavia's unity since the revolution. This was the re-emergence of strong nationalist feelings, particularly in Croatia and Serbia, fuelled by a conviction that their economic development was being held back by excessive centralisation in Belgrade and the siphoning off of foreign exchange and other income to the less-developed republics. (Significantly, these views were expressed both by the then powerful Croatian and Serbian Banks and the universities and—most worrying to Tito—by leading members of the LCY *in these republics.*)

Tito decided to take drastic action to stop what was clearly conceived as a threat to the *unity of Yugoslavia* and a thorough purge of the Party, banks and intellectuals followed.

Much of what has happened in Yugoslavia since then has been concerned with exorcising the spectre of nationalism and seeking to satisfy the legitimate aspirations of all the six nations (Serbs, Croats, Muslims, Slovenes, Macedonians and Montenegrins) and 18 different national minority and ethnic groups within a new constitutional framework.

Hence the introduction of a new constitution in 1974 and a veritable cascade of new laws aimed at implementing and institutionalising the self-management principle in the organisation of labour, planning, banking and credit, foreign exchange, prices and incomes policy and the whole gamut of social and economic life.

This vast and complex body of new laws and constitutional arrangements is as much the expression of the aims and ideals *of Yugoslav society as a practical* guide to how to achieve them. Yugoslav ideologists themselves tend to underline the element of continuity rather than the novelty of the new arrangements.

What has definitely not changed is insistence on the "leading role" of the LCY and the refusal to countenance the creation of a multi-party system. There are those who believe that such a system might eventually evolve in Yugoslavia, but that day seems far off. The fear is that such a system would inevitably degenerate into party divisions on national and ethnic lines which would carry with it the seeds of disintegration, the loss of national unity and independence.

It is at this point that one detects the basic paradoxes in the Yugoslav system. Can the LCY be *democratic* and authoritarian, in favour of pluralism but opposed to a plurality of political parties, decentralised *into a myriad of small cells* throughout the economic and social structure of the country, but finally controlled by a small group of ageing men of the heroic partisan generation?

The answer is certainly "yes" while Tito lives and probably for some time afterwards while the partisan generation, which is also ageing, remains. Then it will be the turn of the next generation which will have to come to terms with a Yugoslavia totally different from that which emerged after the war.

But the strong degree of political continuity and economic progress since the war has done much to consolidate Yugoslavia's "unity in diversity." Having cracked down on a form of nationalism which could have developed into separatism, Yugoslavia's political leaders have had the courage of their convictions and tackled the national question at its roots by devolving many of the former federal functions to the republics and autonomous provinces.

At the same time what Edward Kardelj, the Party's *principal ideologist, has defined* as the concept of "self-management pluralism . . . or the pluralism of self-managed communities integrated in the system of delegates" has also led to a similar process of devolution of power within the republics and provinces themselves.

This is partly expressed in economic de-centralisation, which revolves around the so-*called basic organisations of* associated labour and their voluntary associations into larger units, and partly in much greater powers for local communities at a territorial level. The idea is that production decisions are best left to the producers, while local community policies in the fields of health, education, culture and welfare are also best looked after by the consumers and producers of such services locally.

What the system is trying to create is a means of direct participation by people as workers, consumers and just plain people in the basic decisions affecting

CONTINUED ON NEXT PAGE

BASIC STATISTICS	
Area:	98,766 sq. miles
Population:	21.6m
GDP (1975):	YD 503bn
Per capita:	YD 22,820
Trade (1976):	
Imports:	YD 134bn
Exports:	YD 88.8bn
Imports from UK:	£128m
Exports to UK:	£33.5m
Trade (1977):	
Imports:	YD 176bn
Exports:	YD 96.1bn
Imports from UK:	£175m
Exports to UK:	£40.5m
Currency=New Dinar:	
	£=YD 34.39

Economic growth may be forced to slow down

AS THE Yugoslav economy moves into the second half of the current five-year plan period it faces the difficult task of meeting ambitious growth and investment targets while at the same time digesting some major constitutional and institutional changes which directly affect the running of the economy.

The problem is not growth itself, as last year's economic performance amply demonstrates. In spite of generally sluggish economic performance in both the Western and centrally planned economies last year, Yugoslavia managed to raise its GNP by 7 per cent and economic activity has continued at a similarly high rate over the first quarter of this year.

As usual, however, this high rate of activity, which significantly improved the productivity of many enterprises, was accompanied both by a rise in price inflation to 14 per cent, and a deterioration in the overall balance of payments.

These two factors are still causing concern. Last year's payments deficit totalled $1.8bn, compared with a small surplus of $150m in 1976. This in itself is not unacceptable as the 1976/80 five year plan budgets for a total deficit of $4.7bn over the plan period, a figure which is considered well within acceptable financing limits and consonant with the heavy investment needs in plant and infrastructure.

In order to keep this deficit on track, however, the 1978 plan calls for a lower deficit of around $1.25bn, which requires a considerable improvement in the trade balance this year. Last year exports rose by only 8 per cent (FOB), while imports (CIF) rose by 30 per cent. There is some evidence that a substantial part of last year's rise in imports reflects stock-building by many companies in anticipation of possible import restrictions later this year. Some managers and bankers also believe that the external value of the dinar is a factor inhibiting exports. But officials deny that the dinar is overvalued and point out that it has in fact depreciated by 3 to 4 per cent against the dollar this year.

The rate of growth of both imports and exports appear to have slackened over the first quarter, but the trend is still unsatisfactory. Tourist and other invisibles like transit fees, emigrant remittances and overseas construction receipts however, are holding up well.

Faster

Part of the problem is that incomes are rising much faster than planned, while investment is also at a high level. This partly reflects the fact that many big investment projects are in varying stages of completion and are sucking in imports without yet producing any compensating addition to output and exports. But restraining incomes in line with productivity is clearly as difficult under the self-management system as in more conventional systems.

This situation was underlined by federal premier Veselin Djuranovic who said recently "We behave as if our national income were twice what it actually is. Real personal incomes are growing faster than labour productivity. Last year they increased by 6 per cent—the highest rate for a decade. Investment is also too great."

This cri de coeur from the Premier was accompanied by an illuminating insight into the complex bargaining which is now built into the Yugoslav system. He stressed that the Federal Executive Council was powerless to take effective corrective action, which could only come after consultation with the Republics and Autonomous Provinces and the approval of the self management interest communities for foreign relations.

But, although the self-management principle enshrined in the 1974 Constitution and the Associated Labour Act gives workers in the basic production units (Basic Organisations of Associated Labour—BOAL) the right and duty to decide on the wage and salary levels within their unit, this right is in practice constrained by a complex series of checks and balances which have been built into the system and which are evolving with it.

One of the constraints in the system is the Federal Institute for prices, which, in agreement with the Republics, makes a solemn annual prices agreement to which the basic associations are supposed to adhere. This year the BOALs agreed to try to keep producer price increases to an average of 8 per cent—although some priority sectors are to be allowed to raise prices higher in order to facilitate their self-financing capability or the cash flow from which to repay foreign loans.

Such agreements clearly affect the economic performance of the individual companies at the base of the system, which are required to operate efficiently and profitably. Theoretically any BOAL which operates at a loss for three years can be closed, and persisting in paying higher salaries than warranted by productivity is clearly one way of sinking into a loss-making situation.

This is far from being an automatic process, however, and last year 1,363 BOALs employing 330,000 people worked at a loss totalling 14.7bn dinars. This, however, was a big improvement over 1976 when losses were 29 per cent higher and 50 per cent more firms were making losses.

Talking to managers of some of the largest industrial groups in the highly industrialised and fast-growing areas of Slovenia and Croatia in particular, it is clear that there is a great sense of commitment to the self-management system which, although time consuming, is recognised to have considerable advantages in raising the level of participation and commitment to the enterprise and its performance.

They also make clear that although management is essentially the executive body of the Workers Council (composed of delegates from the various Basic Organisations) it is expected to manage efficiently. The business management board, which is composed entirely of business executives, has to make technical and financial decisions in much the same way as the board of capitalist companies working for their shareholders.

As proof of the viability of the system planners and managers point to the over 170 joint venture agreements between Yugoslav and foreign enterprises through which $1.5bn has been jointly invested over the last 10 years, some $325m of which by foreign partners. Fiat was the pioneer in this field with its original $10m investment in the Crvena Zastava car plant in Kragujevac, but the most important to date is the recent agreement between Dow Chemical and Lna to invest jointly in a $750m petrochemical complex on the island of Krk. A major foreign financing operation is now planned to help finance this venture, in which Dow has a 49 per cent stake.

The willingness of foreign firms to engage in joint ventures is likely to be enhanced by new legislation which broadens the potential scope of such investment away from the original field of processing industry and into transport, energy, infrastructure and exploration and development of raw material sources—with provision for repayment of profits in such raw materials if required.

Enhanced

Development of Yugoslavia's substantial non-ferrous and other mineral resources is clearly one large potential area for future foreign investment in joint ventures, while Yugoslavia's strategic position as the principal land route from Western and central Europe through the Balkans to the Middle East also demands massive investment. Zagreb is one of the great transit cities of Europe. A huge new railway marshalling yard has just been completed, but the Zagreb-Belgrade highway is a cavalry of heavy trucks and tourist traffic. Plans for a road tunnel under the Alps to Austria are well advanced, and construction of a new 1,200 km motorway south to the Bulgarian and Greek borders is underway in five places at a cost of $257m, of which $80m is coming from the World Bank. But the $2.5bn required to complete the project will require substantial foreign financing—possibly in part from the OPEC countries—if it is to be completed within the next decade.

Until now the Central Bank has kept a very tight rein on borrowing and Yugoslav foreign debt position, and if anything the new Banking Act, which has, inter alia, reduced the financial autonomy of the banks, has reinforced this central control.

It still has to be verified how the recently introduced law setting up the so-called self- Management Communities of Interest for Foreign Economic Relations will work out in practice, but in theory it means that each of the six republics and two autonomous republics are now responsible for keeping their own balance of payments within the federally agreed limits.

The aim of this devolution of authority in the foreign exchange field is to increase the sense of responsibility of the basic organisations who actually earn the foreign exchange and whose capacity to import their required components, raw materials or plant will in future be closely linked to their own export performance. But, this does not mean that the BOALs have the right to retain all the foreign exchange they earn. A substantial proportion of foreign exchange has to be sold to the Bank of Yugoslavia, which allocates it to those projects which are earmarked as priorities under the national plan, taking great care that the eventual allocations are agreeable to the various republics in the process.

The main problem at the moment is that unless there is a substantial and totally unexpected increase in exports over the second half of this year, the balance of payments deficit, and hence the foreign borrowing requirement, is going to be considerably higher than the $1.25bn budgeted for in this year's annual plan. The Central Bank and other authorities have no doubts that a larger deficit could be financed. The gross foreign debt at the end of 1977 was around $10bn and the debt service ratio 16.7 per cent. But the net ratio was only 12.7 per cent when reserves, foreign credits and other assets are subtracted from the gross debt.

Japan has just agreed a further $400m credit line to finance the purchase of Japanese goods, and the country is recognised as a good credit risk.

Frustrated

But the point is that the authorities on all levels are not prepared to exceed thir foreign borrowing target substantially and are deeply frustrated by what they see as the failure of the EEC in particular to open up their markets to Yugoslav agricultural and industrial products and so help Yugoslavia to pay for its large imports of industrial and other products from the Community.

As founder members of the non-aligned movement, Yugoslavia is also strongly critical of what it sees as the lack of political will to press for radical changes in the North-South relationship. Such changes would permit Yugoslavia and other developing nations to sell the sort of intermediate technology products they make on their imported Western machines to the less developed countries and reduce competition from the developed countries, which should instead concentrate on high technology sectors, they believe.

Failing this opening up of new markets in the developed and developing nations, Yugoslavia is now preparing to cut back investment and reduce growth from the present 7 per cent, in order to cut back imports, although this will have all the usual negative effects on employment and the overall efficiency of the system.

Anthony Robinson

Faith

CONTINUED FROM PREVIOUS PAGE

their lives. It seeks to ensure that such decisions are co-ordinated through a system of delegates to the various higher institutions and kept within the overall ideological parameters by the capilliary presence of the LCY.

The theory is that the Party should be an integral part of society, not something above it issuing directives in the authoritarian manner associated with what Yugoslavs call the "management socialism" operating on the Soviet system throughout Eastern Europe.

The amnesty last November to 218 people convicted of political crimes and a further 356 who were awaiting trial is an indicator of confidence that the political system is strong enough to democratise itself in the attempt to catch up with the social and economic progress which has transformed Yugoslav society into a much more sophisticated, better educated and articulated body than the backward, divided, peasant nation of the past.

Grasped

Yugoslavs have enthusiastically grasped their freedom, including that to travel abroad. Over 19m Yugoslavs crossed the frontiers last year. For many these were just tourist or shopping trips—as witnessed by the smartly dressed crowds—for others educational trips to study foreign languages or techniques. For nearly a million Yugoslavs it means working abroad, learning skills and sending much needed foreign currency back home.

Economically the country is developing rapidly, with major investment projects under way. Growth is marred however by inflation, a worrying balance of payments deficit and slow progress in narrowing the huge income differentials between the industrialised North and the South. In spite of the creation of 830,000 new jobs over the past four years unemployment is still high and average productivity rather low. Over 30 per cent. of the population still lives on the land, although agriculture is being modernised and Yugoslavia is approaching self-sufficiency in basic foods.

A major concern is that Yugoslavia will be pushed into a closer degree of economic integration with Comecon—meaning principally the Soviet Union —if the EEC does not give improved access to EEC markets and other assistance in the new five-year agreement now under negotiation. There are no illusions about the expectation that the Soviet Union will continue to try and increase its influence in whatever way it can, particularly after Tito is no longer around.

This is one of the reasons why Yugoslavia values its relations with the U.S., China, the EEC and its other major trading partners and its role as a leader of the non-aligned movement. Moreover, behind its active foreign policy stand well-equipped armed forces organised for national defence throughout the territory.

But this is all essentially part of Yugoslavia's insurance policy. The general mood is optimistic. Life has got better and, more important, people clearly expect it to get better still. Critics of the self-management system point to the enormous amount of time spent negotiating complex agreements at all levels. But one of the results is a high level of social cohesion.

All this enabled Party Secretary Stane Dolanc to declare recently that "Today Yugoslavia is one of the most stable countries in the world." Keeping it so will require considerable skill. But as the Yugoslavs look round at their neighbours in both East and West, one of them told me, they tend to echo Maurice Chevalier's considered view on life in general: "Not bad—especially when one considers the alternative."

هكذا من الأصل

New UK trade deal needed

THE STORY of Anglo-Yugoslav trade in recent years is one of a widening Yugoslav trade deficit which reflects not only the international recession but the seeming inability on both sides to make the best of available opportunities.

The actual problem of Anglo-Yugoslav trade spelt out in the language of figures means that in 1977 British exports to Yugoslavia were £176m against £128.4m in 1976, while imports from Yugoslavia were £40.5m (£33.5m). In the first three months of this year British exports were £34.8m (£35.9m in the corresponding period of 1977) and imports £9.3m (£11.4m). This means a Yugoslav trade deficit of £134.5m in 1977 against £94.9m in 1976 and of £25.5m in the first quarter of this year against £24.5m in the *first quarter of 1977*. So the deficit is still rising.

Understandably, the Yugoslavs are far from happy, like those British business partners who see in Yugoslav deals more than a one-off chance. Some of the impediments to mutual trade are stubborn, particularly the Common Agricultural Policy of the EEC which reduced British imports of Yugoslav meat and meat products to a minimal level.

There are also, the Yugoslavs argue, other hurtful arrows in the quiver of the EEC. They feel that if only they succeed in renegotiating their agreement with the EEC, trade with the Nine, including Britain, will look up. But even if the negotiations yield all they want the effect on trade with Britain could be less significant than they expect.

It is not just one single factor which keeps Anglo-Yugoslav trade within relatively narrow limits. The April session of the Anglo-Yugoslav Trade Council (AYTC) in Belgrade, an annual event, was devoted to a searching debate on the reasons for the inadequate trade turnover and the quest for a cure.

The two-day session arrived at conclusions and made recommendations which could help. They may also be of practical significance since AYTC, presided over on the British side by Lord Ebbisham, ranks somewhere midway between a committee of businessmen and industrialists and a Governmental joint commission. This hybrid status means that AYTC links practicality with a measure of authority.

Yugoslavia is a major customer for British plant and equipment and would like to buy more of it, authoritative Yugoslav quarters indicate. But while so far this year Yugoslav financial quarters are not averse to a moderate balance of payments deficit they still want Britain to import more Yugoslav goods to cover their own import costs.

Remedial

At the AYTC Session in Belgrade each side recommended what remedial action the other ought to take, and indeed matched criticism with self-criticism. The British argued rightly that the Yugoslavs ought to watch the British market more closely. Organised visits to Britain by groups of Yugoslav business and industry representatives, participation in British exhibitions, in short the whole range of promotional activities ought to be subsidised by the appropriate Yugoslav authorities.

The activities—or sometimes also the inactivities of the representations of Yugoslav enterprises in Britain—were critically reviewed. It appears that they are not always the instruments of market intelligence they ought to be. Moreover, Yugoslav exports of manufactured goods might stand to gain by less dissipation of effort and concentration on a few star items.

It is a fact of economic life that a sustained campaign is needed to substitute manufactured goods for the meat and meat products which until 1973 accounted for over a third of Yugoslav exports. Obviously Yugoslav enterprises have not found a complete alternative, although in the 1973-77 period annual growth of exports was 16.5 per cent. This is not a bad record by any standard.

But not only have the Yugoslavs failed to explore to the fullest extent the British market. British business too is often ignorant of available opportunities and as a consequence is down the league table among exporters to Yugoslavia, while West Germany leads and Japan is rapidly moving up.

It is not only inadequate market exploration — though unlike the Comecon countries Yugoslavia is not a closed book, there is no foreign trade monopoly, negotiations with end-users are direct and not channelled through governmental institutions—it is simply the old story of prices which are not competitive, delivery dates which are disregarded and quality which is not always of the best. It is of course candidly *admitted by Yugoslavs* that in these respects some of their enterprises can vie with the British.

In Belgrade, at the AYTC Session, the Yugoslavs identified some of the goods they wish to export. They include fibre glass, non-ferrous metals, furniture, cutlery, transformers and textiles. But both sides were aware that it will be extremely difficult to balance the books bilaterally.

Hence co-operation and co-production arrangements with a view to sales on third markets could help to revitalise Anglo-Yugoslav trade. Lately, contracts concerned with the production of chemicals, textiles and metals and with shipbuilding have featured and there is also a considerable rise in technology transfer at enterprise level.

But there is a snag, as a spokesman of a leading British engineering company explained. Long-term co-operation contracts enjoy certain taxation and profit repatriation privileges. Such privileges do not but ought to apply to short-term contracts since in view of the fact that technological progress in gathering long-term contracts involves risks for both sides as they do not make allowance for process or product changes.

However, co-operation is a sector *where Anglo-Yugoslav* economic relations have shown a moderate degree of success. There are altogether 637 co-operation contracts in existence — many of them minor. The British share in industrial co-operation now in operation is seven.

British interest in *joint* venture enterprises has been less marked. These enterprises, in which the foreign partner can hold half the equity and contribute his share not only, to quote the new Act which has been effective since April 17, 1978, "in foreign currency of special interest for the foreign exchange and payments balance of Yugoslavia" but also in plant, equipment, patent rights and know-how, have been relatively popular with foreign investors.

Largest

Since 1967, when the original joint venture Act was passed, some 164 joint ventures enterprises or companies—all of them export-oriented or import-substituting—have been established. The largest of them is the $700m DINA project, a petrochemical complex set up jointly by the Zagreb-based petroleum corporation SOUR INA and Dow Chemical. It is sad to relate that Britain so far shares only in eight joint ventures.

Yet joint ventures could become a source of earnings preferable to counter-trade deals which British business quarters dislike and to their credit Yugoslav enterprises do not greatly welcome, although in certain instances they have concluded counter-trade contracts if with a marked lack of enthusiasm. Moreover, the joint venture Act permits foreign participation all along the line, even in the field of banking, and excludes only *insurance, commerce and social* services. Thus foreign partners can also share in raw materials exploration and exploitation.

What the Yugoslavs would like to see in their dealings with Britain is a mixture of *conventional trade and* such new approaches as co-operation, co-production and above all joint ventures.

In either respect British experiences are limited. Eight instances are hardly enough to test the viability of joint ventures, but the West Germans, who are everywhere in Yugoslavia, have gone into joint ventures and co-operation with both feet and are doing reasonably well. Nevertheless, if godwill alone made trade prosper, prospects for Britain would be auspicious.

Alas, conventional as well as unconventional economic links are a quid pro quo. As the British market comes to provide more openings for Yugoslav products, so the Yugoslav market will open for British plant and machinery. While there can be no guarantee, since the Yugoslav economy is not centrally controlled and each enterprise deals on its own, Yugoslavs can *only spend as much foreign currency* on conventional deals as they earn abroad. Hence if Britain wants to sell more, its market must offer more access to imports of goods inhibited by EEC policies.

It could be argued that trade with Yugoslavia is not worth a *fight in Brussels*, but the Yugoslavs might then shift imports and exports to the U.S., Russia and Japan. The situation is becoming acute and there is little time for procrastination.

Kurt Weisskopf

Export performance must be improved

YUGOSLAVIA FACES several economic problems: inflation, structural imbalances, unem*ployment* and the re-integration of returning guest workers. Yet none is so difficult as the balance of trade and consequent balance of payments deficit, which is the major limiting factor to faster economic growth.

Yet the Yugoslavs firmly believe that, with more goodwill on the part of their major Western partners, especially the EEC—*in addition* to their own increased efforts—it could be of more bearable proportions. Feeling that such goodwill is lacking if not in words then certainly in deeds, they are frustrated and bitter. What exactly can de done is another matter. *The* solution is to change trade patterns, sell and buy more outside the Common Market, but that is easier said than done.

Apart from Italy, where the ratio of exports to imports is comparatively favourable, trade with EEC count*ries is extremely* unbalanced. Invisibles, such as worker remittances and earnings from tourism, in some cases compensate for part of the trade gap, but the Yugoslavs have been pointing out that those sources of foreign exchange are subject to sudden changes, as when Yugoslav workers have to return home.

Alternatives to the EEC trade include the U.S., EFTA and Japan, the socialist countries of Eastern Europe and developing countries.

Trade with the developing countries is increasing and the *aim* is to increase it to a quarter of the total. Trade with socialist countries has its limit at about the present one third of the total — beyond which the Yugoslavs would be reluctant to go, no matter how bitter they feel about the EEC.

Thus, as far as trade with the West is concerned, the EEC can only be substituted for by either the U.S. or Japan, both of which are eager to sell more in Yugoslavia, as shown by two recent developments. Earlier this month the president and chairman of the Ex-Im Bank of the U.S. Mr. John L. Moore, Jr., signed in Belgrade two agreements under which in the future the bank will not require Government guarantees for credits extended to Yugoslav firms but will deal primarily with Yugo*slav commercial* banks. Two months ago his Japanese counterpart was in Belgrade for the signing of a $400m credit line which nine Japanese trading firms have given Yugoslav industrial and other companies. Other developed countries with *which* trade *could* be developed are Canada and Australia.

Declaration

As far as the EEC is concerned, after a joint declaration signed in Belgrade in December *1976* expressing the *political* and economic interest of the Community in Yugoslav independence and prosperity, not much happened until February 1978, when negotiations started on a new agreement to replace the current five year trade agreement which expires at the end of August. Right from the outset the Yugoslavs told the commission that the mandate it has been given was unacceptable. They submitted their proposals for a more comprehensive agreement.

Yugoslavia would like to include in the agreement, in addition *to* trade, co-operation in various other fields, such as financial, industrial and technical co-operation, transport, tourism, environmental protection and social questions, mainly regarding Yugoslav guest workers. It would also like goods which will be manufactured in the free zone to be set up with Italy under the Osimo agreement to be considered as community products.

Regarding trade, the Yugoslavs would like some tariff and other obstacles removed, a more liberal application of the general system of preferences the right to participate in public tenders, quotas for imports of some agricultural produce, free of variable duties. They insist that in a crisis no unilateral decisions by the EEC should be taken but rather that solutions should be found in mutual consultations.

The EEC Council of Ministers is scheduled to deliberate again on the new mandate to be given the commission on June 27, and negotiations will resume in mid-July. The feeling in Belgrade is that negotiations should not drag on indefinitely but also that they should not be rushed. If need be, the present agreement could be extended for a few months.

It would be wrong to infer from all this that the Yugoslavs expect others to solve their problems for them. They have been well aware of their shortcomings in foreign trade, and are openly discussing them. Their *first* conclusion has been *that they must organise better* internally and abroad. It has been decided to establish joint representative offices abroad which would bring together all representatives of Yugoslav enterprises, banks, etc. This, it is hoped, will result in better co-ordination, elimination of mutual competition and also in better control.

Much more effort will have to be paid to market research and to fairs, exhibitions, promotion tours and other tools familiar to more experienced traders. Fashions and tastes will have to be taken into account. Co-operation with local businessmen will have to be improved. Much more attention has to be paid to co-operation with firms from the developed countries in third markets, especially in the LDCs.

Another field which leaves much to be desired is informing foreigners willing to invest, or sell or buy in Yugoslavia of the regulations in various fields; the more so since new laws have been in effect this year about which not enough is known abroad. Examples are joint ventures, foreign firms' representative offices, counter-trade, banking and credit systems and the foreign trade regime.

Yugoslavs also admit that their products are often not competitive enough, be it because of their price (in that respect some local critics think that the currency is overvalued) or quality and delivery terms.

The awareness of these shortcomings *is* acute, and recognition that higher exports are the prerequisite of growth and investment is now being impressed on everybody.

Aleksandar Lebl
Belgrade Correspondent

Farm incomes rising

LIKE MANY other developing countries which tended to overlook agriculture in the initial enthusiasm for rapid industrialisation, Yugoslavia long ago came round to the view that a balanced development of the agricultural sector is vital to progress of the economy as a whole.

Formalisation of this re-thinking came with publication of the long-term Green Plan for agriculture in 1973: the current five-year plan aims at self-sufficiency in agriculture by 1980 and the development of exportable surpluses beyond that.

A record harvest in 1976 boosted agricultural output by a healthy 7.3 per cent from the rather depressed 1975 levels when the weather was unfavourable. This performance was followed by a further 3.3 per cent increase last year which, it is hoped, will be matched again this year given reasonable weather.

These figures show a considerable improvement on the average increase in agricultural production over the 1963-73 decade when agricultural output only improved on average by 2.5 per cent annually.

They also show that Yugoslavia is indeed on the path to agricultural self-sufficiency with all that this entails both in reducing the burden on the balance of payments and creating the conditions both for a sustained demand for agricultural chemicals and equipment and a rational distribution of population.

For all its rapid economic growth in recent years Yugoslavia still has a chronic unemployment problem which has been exacerbated by the return of workers from West Germany and elsewhere. Modern capital-intensive industry is not able to create employment fast enough to absorb this excess labour. Incentives to modernise agriculture, while improving the attractiveness of rural life generally, make considerable sense under these circumstances.

Steadily rising farm income is one way of achieving this and a system of guaranteed minimum prices and stockpile arrangements has seen agricultural producer prices rising by an average 14 per cent annually over the last five years. But major investment is also taking place to boost output of fertilisers, tractors and farm equipment of all kinds together with major irrigation and re-afforestation schemes.

The most ambitious irrigation and flood control project now under way is the giant Morava basin complex, a 20-year exercise due for completion in 1985 which will bring an end to destructive flooding in Serbia and create 280,000 hectares of highly fertile land on which two harvests annually will be possible. It will also generate 952,000 kW hours of electricity and protect a further 156,000 hectares from flooding and erosion.

This year also sees the completion of the 20-year 13bn dinar Danube - Tisa - Danube hydro system whose dams and canals have created the means to irrigate 500,000 hectares in the Vojvodina, the fertile plain which stretches north of Belgrade to the Hungarian frontier and beyond.

The Vojvodina plain is Yugoslavia's most important farming area in a country with a high proportion of mountains and steep valleys. It accounts for over half the total Yugoslav farming output and last year produced 3.4m tonnes of maize and 2.75m tonnes of wheat. This compares with last year's total Yugoslav crop of 5.6m tonnes of wheat and a record 9.86m tonnes of maize, of which 900,000 tonnes were exported.

Maize production is one of the big success stories of Yugoslav agriculture. Yields averaged out at 42.5 centners per hectare last year, a new record, and with the planting of improved hybrids and a greater area this year a maize harvest in excess of 10m tonnes is confidently expected.

But the growth of maize output is only part of a comprehensive transformation of the crop pattern under the influence of a powerful drive to increase output of industrial crops like sunflower, soya and sugar beet. Last year's record sugar crop of 5.3m tonnes gave Yugoslavia self-sufficiency in that commodity for the first time. Over 480,000 tonnes of sunflower seed were also produced and a 25 per cent increase in planting has taken place this spring.

Rapidly

At the same time mechanisation is proceeding rapidly, as is the supply of fertilisers from big new fertiliser plants now coming on stream or under construction—like the giant Kutina plant in Croatia, now being expanded through a $155m Eurodollar term loan, and five other major complexes.

This year the farm tractor population is officially estimated to be 50,000 units higher than last year, bringing the total to 350,000, or one for every 25 hectares. At the same time Yugoslavia has used its own agricultural modernisation programme to build up a useful export trade. Last year exports of tractors and farm machinery totalled $60m, with a target of $100m annually by the end of the decade.

What is perhaps most surprising about Yugoslavia's agricultural performance is that it has taken place within the overall context of a highly fragmented and traditional peasant farming structure. Some 80 per cent of the farms and nearly 70 per cent of agricultural output comes from private farmers still farming on variations of the medieval strip system. This is immediately apparent when flying over large areas of the country.

Cheek by jowl, however, are to be found the large modern agricultural combines like the Poljoprivredni Kombinat (PKP) a showcase agro-business combine of 100,000 hectares and 20,000 workers some 50 miles north east of Belgrade. This combine boasts 1,400 tractors, 450 combine harvestors, 50,000 breeding cattle, 20,000 dairy cows and 120,000 fattened pigs.

Organised into over 60 Organisations of Associated Labour and run on impeccable self-management lines, PKB produces agricultural raw materials, processes them into a vast range of packaged foodstuffs, meat and dairy products and preserves in 16 factories and then markets them through its own network of 500 shops and self-service stores, hotels and tourist facilities all over Yugoslavia. It also carries on a significant export trade, coupled with technical assistance from its own scientists and food technologists, for farmers in developing countries.

Significantly PKB also co-operates with some 50,000 small private farmers who supply the combine and receive technical assistance and guaranteed market in exchange. This is highly significant because Yugoslavia, having reassured its peasants that private farms have a sure future, believes that the best way to improve agriculture across the board is to step up mutually advantageous co-operation between the large socialised combines and private farmers on a voluntary basis. Credit and other incentives are also provided for private farmers to develop their own producer co-operatives on a pattern similar to those in the Emilia Romagna region in neighbouring Italy.

In the long run the social sector is expected to increase gradually in size as older farmers retire and new land becomes available through reclamation and irrigation schemes. It is set to expand by 250,000 hectares in the course of the current five-year plan.

Productivity is also growing much faster, with average gains of around 8 per cent annually on socialised farms against 3 per cent on private land. The hope is that the evident profitability of modern farming methods will continue to act as a powerful pursuasion to modernisation throughout the agricultural system.

Further modernisation of Yugoslav agriculture looks like being one area for potential co-operation with British agricultural equipment makers and suppliers of know-how. But here again the future of co-operation is strongly linked to the establishment of some kind of equitable arrangement for the export of Yugoslav baby beef and other agricultural products to the EEC. The way in which the Community cut off Yugoslav meat exports deeply offended Yugoslavia and has raised some serious question marks about the usefulness of further development if the end result is the production of unsaleable surpluses under present marketing arrangements.

A.R.

Growing success in self management

IF, AS is frequently the case, businessmen or others from capitalist countries start discussing the Yugoslav system of worker self-management in terms of worker participation à la Bullock they are likely to be quickly, but politely, corrected.

Worker participation implies participation in a system where somebody else more important holds the real initiative and real power, one is likely to hear. Under the Yugoslav system the enterprise is owned by the workers, managers are appointed by the workers, to whom they are responsible, and the workers themselves through their various self-management institutions decide on investment and production plans and the final distribution of the income produced.

This theory is codified into law at enormous length—the Associated Labour Act alone consists of over 200 pages and 671 regulations — and is variously viewed as a blueprint for Utopia or a recipe for unmanageability.

To find out how it can work out in practice I went to one of Yugoslavia's most successful industrial concerns—the Iskra electrical and electronic engineering Kombinat in Ljubliana which has averaged a 20 per cent growth rate over the last decade, a 1977 turnover of over $500m and exports of $80m.

Physically Ljubljana is still very much a Hapsburg city — one of a dozen or so central European cities whose fundamental style and elegance derives from the elegant baroque public buildings and squares planned by the Empress Maria Theresa and Franz Josef II. It is the capital of the mainly catholic Republic of Slovenia, which is relatively poor in raw materials but has a long tradition of industrialisation and trade, mainly with neighbouring Italy and the former Hapsburg hinterland.

The headquarters of Iskra itself is situated in an elegant skyscraper block, flanked, significantly, by the Ljubljanska Bank building, another skyscraper designed to withstand shocks of all kind — this after all is a seismic area as the recent earthquake in neighbouring Friuli bears witness.

At the heart of the Iskra Kombinat are the 72 Basic Organisations of Associated Labour (BOAL). The fundamental characteristic of a BOAL throughout Yugoslavia is that it must be a clearly defined cost and profit centre producing measureable goods or services. In practical terms in the industrial sector this usually means a factory producing a product or products. Members of a BOAL have the right to remain independent or to voluntarily join together with other Boal's for purposes of joint marketing, research and development or other common services.

The Yugoslav system rests on the belief that the production units are the best judges of how to produce efficiently. The final shape of the five-year plan is agreed after an infinitely complex series of discussions on a two way basis involving the BOALs, and the various co-ordinating bodies at a trade union, Republican or Provincial and Federal levels.

The five-year plan worked out by and for each individual BOAL has to be approved by a qualified majority of the workers themselves and becomes in effect their plan, for which they are all collectively responsible.

But the five year plans are broken down into annual plans which are much more detailed but provide a vital element of flexibility to changing market or other conditions.

Technical

This much more technical document does not have to be approved by the Workers Assembly—that is to say all workers—but by the Workers Council, which is a much smaller body consisting of delegates from the Workers Assembly. In practice it seems that one of the keys to the efficient working of the BOAL is the degree of competence, skill and dedication of the Workers Council.

In Iskra's case the 72 BOALs and 47 production units are organised into seven so-called Work Organisations. These correspond roughly to divisions in western terms and are organised on functional lines. Iskra also has five Work Organisations of Common Services, which provide joint services like data processing, marketing and financial services.

The Apex of the pyramid, or third level, is Iskra itself, which is called a Composite Organisation of Associated Labour (COAL) or, more familiarly a Kombinat. This provides the link between the operating companies, the divisions and joint services.

The Kombinat itself is not a holding company on the Western pattern because the capital of even the largest Kombinat is held individually by the BOALs, who make use of their own so-called "Internal Banks" which operate in effect as the finance division to manage their cash-flow. The BOALs also have a direct relationship with the commercial banks, a relationship which has been reinforced by the latest reform of the banking structure. The bank reform was designed to reduce the autonomous power of the banks and their former de facto close relationship with the political power structure in in the Republics and Provinces, and also to create a direct link between production and finance.

Under the new banking laws the banks themselves no longer have any capital of their own but only their reserves plus the deposits made by the BOALs (and households). Delegates from the BOALs are themselves physically represented as the de facto "shareholders" of the Banks.

In order to satisfy the financing requirements of commerce and industry the banks are free to associate themselves with other banks, and borrow either domestically or abroad, but within limits set down by the National Bank of Yugoslavia in conformity with plan guidelines and the state of the balance of payments.

Because of the in-built tendency of the Yugoslav economy in its present developing state to suck in imports at a high rate, a major effort is now taking place to give much greater responsibility to BOALs by linking the availability of foreign exchange for imports to their own export generating capacity. Each republic and autonomous province also has the responsibility to ensure that its balance of payments position remains within the Federally agreed limits.

It remains to be seen how this works out in practice as the new laws have just been introduced. But they do demonstrate the seriousness of attembts to render the self-management system both more responsible and more efficient.

Efficiency however also depends on the level of technical skill and competence of professional management. Much suspicion of the Yugoslav system abroad stems from the image of an economy in the hands of an undobtedly committed and enthusiastic but managerially and technologically naive shop floor.

Certainly efficient running of self-managed enterprises depends in large part on the level of industrial experience, sophistication and awareness of the workers themselves, and this varies considerably between the established industrial areas in Slovenia, Croatia and parts of Serbia and the former agricultural areas in the first throes of industrialisation. But it also depends on the managerial skills of the professional managers who are appointed, and dismissed, by the Workers Councils.

One of the principal aims of the self-management system, as it develops, is to raise the level of skill and awareness of the Workers Councils. Already in a big group like Iskra every effort is made to elect professionally competent workers and technical staff both to the Workers Councils themselves and the various executive committees which meet frequently to monitor management performance.

At the same time, however, the business management board, which consists entirely of professional managers, hired by the Workers Council precisely for their competence, has full responsibility for the range of executive decisions in marketing, finance and production.

Both the formal management and production workers are part of a self-management whole whose aim is to make their enterprise as efficient as possible. Because the self-management institutions go beyond the sphere of production and also include people in their capacity as consumers or members of local communities there are several constraints both in the field of pricing policy and income distribution.

By and large, however, enterprises are expected to operate profitably, and theoretically they can be closed down, and workers found other jobs, if they make losses for three consecutive years.

Improvement

Last year 1,363 BOALs employing 330,000 workers made a loss totalling YD 14.7bn. This was an improvement on 1976 when loss-making enterprises were 50 per cent greater and losses 29 per cent higher. But the fact remains that many of them were perennial loss-makers and could not be closed for a variety of reasons. The railways for example run at a loss and so do several large enterprises; often government fixed prices are blamed for this.

Certainly there are weaknesses in the system, but it is part of the nature of things in Yugoslavia that people are prepared to admit them frankly and discuss them with an eye to improvement.

All sides recognise, for example, that the Yugoslav system entails the expenditure of a great deal of time in complex bargaining and explanation at all levels. But it does result in a sense of participation which goes far towards smoothing the implementation of policies once approved. It also produces both an enthusiasm for high investment and a tendency to distribute higher incomes than justified by productivity alone.

A.R.

Foreign policy retains its independence

IRONICALLY, THE international pre-requisites for Yugoslavia's determined foreign policy of national independence and non-alignment were created by a typical act of Great Power arrogance. They stem from the time when Winston Churchill discussing the post-war shape of Europe, tossed over to Stalin a piece of paper on which was jotted "Yugoslavia 50-50?" Stalin nodded agreement. When Tito heard of this he was reportedly livid at being treated as "the short change of international politics."

He subsequently took advantage of this tacit acceptance of a shared sphere of influence to break free from Soviet hegemony without either reneging on the Communist nature of the post-war Yugoslav State or joining the Western Alliance.

Thirty years after the break with Cominform Yugoslavia's influence in the world is infinitely greater than its size, population or resources would themselves warrant. Much of the credit goes to President Tito himself, lone survivor of a world of former political giants and stirring if dangerous times.

His own personal prestige, and by reflection that of the Yugoslavia he represents, reached a new height with his recent official visits first to Moscow and then on via North Korea to Peking and then to Washington with a stop-off in London.

But Yugoslavia's foreign policy goes far beyond the establishment of good relations with all three superpowers, vital though this is to Yugoslavia's equilibrium.

President Tito's experience and prestige as a founder-member of the non-aligned movement also makes Yugoslavia a voice to be listened to in discussions on the North-South dialogue, the Middle East and in many of the conflicts which have broken out between members of the movement.

Behind the voice lies an active and qualified corp of diplomats, and a highly foreign affairs-orientated news agency, Tanjug. In the latest Government reshuffle the former Foreign Minister, Milos Minic, was replaced by Josip Vrhovec, a 50-year-old ex-journalist and former LCY Presidency member from Croatia.

It was largely a reflection of Yugoslavia's position between East and West that Belgrade was chosen for the follow-up meeting to the Helsinki Conference on European Security. There the Yugoslav hosts tried to steer the conference away from a sterile confrontation on the human rights issue, seen as a propaganda contest between the two super powers, and on to a discussion of some of the other isuses dear to Yugoslavia's heart, such as measures to reduce military tensions and greater co-operation in the economic field.

It was a disappointment to Yugoslavia that the Belgrade conference was not a great success, although they share the general feeling that with the decision to hold another follow-up meeting in Madrid at least the principle of continued monitoring has been agreed.

Now Belgrade is preparing for another important international meeting — the Ministerial meeting of the non-aligned countries which meets there in July to discuss the agenda for the forthcoming non-aligned summit due to be held in Havana next year.

It promises to be a potentially stormy affair. The Cuban role in Africa will be high up on the agenda, which will also review the recent UN special session on disarmament, a major initiative of the non-aligned movement, and the slow progress in the development of a new world economic order.

But the situation in Africa is likely to dominate discussions, with Yugoslavia in particular making no bones about its own disquiet concerning the apparent conflict between Cuba's role in Africa and its membership of the non-aligned movement. Yugoslavia's views do not differ markedly from those expressed by President Carter and Chancellor Schmidt recently. Both described Cuba's supposed non-aligned status as "a bad joke" in view of its role as an instrument of Soviet foreign policy.

Opponent

The Yugoslav attitude appears to be against any moves to expel Cuba from the movement, as its own experience makes it an opponent of anathema of any kind. Rather can Yugoslavia be expected to argue for the principle of "Africa for the Africans" and against super power interference of any kind in the affairs of the continent.

This of course is partly a question of general principles and partly the result of Yugoslav preoccupation with the principle of non-interference because of its own obsession with the thought of possible future interference by the Soviet Union in Yugoslav affairs.

It recognises, however, that not all members of the non-aligned movement view Cuban involvement in the same way. Several African and other states tend to view such involvement as a useful means of bringing pressure on the West to step up its commitment to end racist regimes in southern Africa.

It is clear, none the less, that Cuba is likely to come under considerable pressure at the conference to modify its role in Africa as the price of agreement to go forward with the summit meeting in Havana. The conflict between non-aligned states in the Horn of Africa and the Vietnam-Cambodia conflict are also likely to be discussed at some length.

Closer to home, however, Yugoslav foreign policy is currently most concerned about relations with the EEC, and particularly its growing trade deficit with the Community.

The Foreign Ministry points out that Yugoslavia's trade deficit with the Community came to $2.4bn last year, 60 per cent of its total trade deficit; Yugoslav exports now cover only 39 per cent of its imports from the Community. It argues that a large part of this deficit is due to damaging protectionist moves by the Community.

Critics of the Yugoslav bargaining position, however, while accepting that restrictions on beef, textiles and other goods have affected certain important trade areas, argue that the Yugoslav position betrays its

CONTINUED ON NEXT PAGE

A new status for small business

ALTHOUGH THE new 1974 constitution specifically provided a new legal status for the formation of small private enterprises, progress in setting them up has been patchy so far.

The basic thinking behind the setting up of the so-called Contractual Organisations of Associated Labour (COAL) was to mobilise, inter alia, the capital of returning emigrant workers and provide more employment without making demands on the already stretched socialised sector. The new COALs are to have a strictly limited time span, however, before eventually being transformed into the conventional Basic Organisation (BOAL) and becoming an integral part of the self-management socialised sector.

But the COALs do represent a significant advance in several respects on the previous rules permitting small-scale private enterprises, mainly in the service sector.

While the traditional private sector employer may employ a few workers only—the number being different in various republics and in various fields —there is no such limit for contractual organisations. In addition, they may be established in fields which are otherwise reserved for the socialised sector. Those wishing to found a contractual organisation first make a mutual contract as to what each of them will contribute in money, equipment and other resources and who will be the manager. Then they sign a contract with the commune on the territory of which they will have the seat of their organisation, after which they hire workers and start whatever activity they chose.

That person (or persons) has the right to be the executive of the contractual organisation and to be paid for that on the basis of an agreement concluded between all those working in the organisation. He also has the right to receive part of the income generated with the resources he brought into the organisation. These rights, however, are for a limited number of years. Each year he gets back part of his capital, until after a period of time it is all paid back. At that moment his other rights cease, except the right to continue working in the organisation, which then stops being a Contractual Organisation and renames itself Basic Organisation of Associated Labour, as in the socialised sector, a part of which it has now become. The former manager may remain in this function, this time not in his own right but only if he is elected by the workers of the Basic Organisation.

Chosen

The form of Contractual Organisation has been chosen because it serves several purposes. First, no social capital is needed and privately owned money is mobilised, which has been relatively abundant, especially among returning guest workers. Second the organisations should satisfy the growing demand for goods and services in which the socialised sector is either not interested, or is unable to provide quickly enough. In Yugoslavia there has been a growing need for services of all kinds, repair shops, and the like. Third, new jobs can be created comparatively quickly and with lower investment than in the public sector. This is very important in view of the high number of job seekers, in spite of very impressive figures of new jobs created each year. It has been estimated that several hundred thousand people could find employment in the small business sector within a short period of time.

For all those reasons it has been the proclaimed policy of the League of Communists and of the Government to support the small business sector, be it in its classical form of private handicraft, the newly designed Contractual Organisations, or the socialised organisations dealing in services and production on a small scale. In spite of that, however, very little has been done in the four years since the 10th congress of the LCY and the adoption of the new constitution.

The reasons for this seem to lie with local governments, who distrust any private initiative in the belief that it will inevitably strengthen the capitalist elements in society and endanger socialism. Therefore they heavily tax private business, do not provide for space, etc. Repeated criticism has not changed their opposition. The result is that there are regions, even whole republics, with no Contractual Organisation at all. On the other hand in some republics Contractual Organisations have been increasing in number and prospering.

Macedonia, for example has no Contractual Organisations. Its premier told foreign correspondents a few months ago that there has been a lack of understanding on the part of local authorities. The first Contractual Organisation in Serbia was founded late last year in a village, Kobisnica, in the eastern part of the republic, employing initially 29 workers, 25 of them women. It was founded by two former guest workers. They receive a 30 per cent. share of the income and the labour force the rest.

Their contract with the respective commune is for five years, after which the organisation will become a BOAL. Belgrade has just one Contractual Organisation founded recently.

As opposed to that, Slovenia has been supporting Contractual Organisations for years now and has more than the rest of Yugoslavia, 30 out of the total of 37. Some have been publicised by the Press, like two organisations founded by a couple, Valerija and Franjo Verdnik in the village of Grize pri Zalcu, which together had a total revenue of 13.5m dinars (£400,000) last year and employed 12 people. The two owners earned some 800,000 dinars (£23,000) after tax, which is approximately 12 times more than the average for a Yugoslav worker.

In view of the widespread suspicion of many local authorities it was a big surprise when among the 16 winners of the First of May awards of the Yugoslav Chamber of Economy from all over the country there was a Contractual Organisation of Associated Labour. It was, of course, from Slovenia: Tajfun of Planina pri Sevnici. This has been interpreted as signalling the interest which the Yugoslav community has in those organisations. Whether the message will be understood by those for whom it has been meant remains to be seen.

Aleksandar Lebl

Tourism breaks records

AFTER SEVERAL years of stagnation there seems to be again a tourist boom in Yugoslavia. Unless something unexpected happens 1978 could be a record year both in the number of foreign visitors and in foreign exchange earnings. The tourist season has started earlier than usual, and for the peak season most hotels and other facilities are fully booked. Britain is one of the countries *from which a spectacular* increase in the number of visitors has been expected, after a 33 per cent fall last year.

Over the first quarter of this year *19 per cent more foreign* visitors came to Yugoslavia. The first quarter, however, accounts for only 8 per cent of the total annual turnover. April figures were not so good but May and June seem to be very promising.

Up to 15 per cent more visitors and a 20 per cent rise in foreign exchange earnings are now expected by some forecasters. Last year 5.6m foreign tourists came to Yugoslavia, producing revenue of $845m.

The tourist organisations admit that the boom has not been entirely due to their own efforts. Outside factors, such *as the economic recovery* in some countries, including the UK, have helped, together with *insecurity in some tourist* countries and greater price increases in countries directly competing with Yugoslavia.

The Yugoslav tourist industry has tried to keep prices as low as possible, with only minor increases for some categories of hotels, and hotels have *become more* flexible in selling their services. Thus one need not now order full board but only room and breakfast, or just one meal. There is also a wider choice of excursions, sports facilities and entertainment, although here much more has to be done. *One sore point* is the price of drinks, especially imported ones like whisky or cognac. Here the tourist organisations are fighting with *the Government* to bring prices into line with those in neighbouring countries.

This year the number of British tourists to Yugoslavia *will rise to some* 5 per cent of the British market. In the past couple of years it has fallen to about 3 per cent. Earlier this year a 12-member delegation from the British Tour Operators study group discussed in Belgrade ways of increasing the number of British tourists. They said that demand had been building up and that the *availability of* seats in chartered planes has been the main limiting factor. They also *mentioned the pricing structure* of Yugoslav hotels, the wide differential between high and low season prices and the high prices for additional services as other obstacles. They insisted that the Yugoslav tourist industry should guarantee the quality of services offered, especially in view of the strict consumer protection legislation in the UK.

It has been agreed that future contracts between British tour operators and Yugoslav hotels will be made in sterling instead of U.S. dollars, and that prices will go up only

in line with British inflation.

One of the reasons behind the expansion of tourism has *been the improved highway* network, since a substantial number of visitors, especially *from continental Europe, come* by car. Some 40,000 km have been constructed in the post-war period but the network is still far from adequate. Yugoslavia is now a motorised country itself with some 2m passenger cars and close to 300,000 buses and commercial vehicles. Yugoslavia is also a transit country for millions of Greeks and Turks working in *Western Europe* and for tourists going to and from Bulgaria, Turkey or Greece, as well as for trucks in transit to the Middle East.

All this contributes to traffic jams on the trunk highway from Austria to Greece, which is one of the least safe roads in Europe. Efforts are under way to accelerate the construction of a modern four-lane motorway, but more resources are needed. Yugoslavia hopes that those interested in transit will contribute. This includes west and central European countries as well as the European Investment and the World Bank.

The air fleet has also been expanded and modernised. Yugoslav cities and coastal resorts have good connections with all parts of the world. JAT, the national airline, will sell some 5m seats this year. Its planes now fly to Australia and North America and it has bought several DC-10s.

Railways suffer from road competition but they still are very important in passenger traffic. They are also being modernised, with new rolling stock and new services—cars can be carried on some *passenger trains.* The Belgrade-Bar railway, finished three years ago, has also become one of the major tourist attractions.

Finally, another improvement in communications should also be mentioned. It is now possible to dial directly to most European countries from many Yugoslav cities and resorts in a matter of seconds. This is important *for business people* but is also reassuring for the tourist.

A.L.

Industrial growth

INDUSTRY'S ROLE as most the dynamic factor in the Yugoslav economy was confirmed again last year with a 9.6 per cent rate of growth. This has slowed down to around 7.6 per cent over the first four months of this year. But this growth has *not been without its difficulties.*

Growth of industry has been accompanied by significant structural changes. The electrical, oil extraction and processing, metal processing, chemical and energy industries have been growing at above average rates, *but some older industries* have been experiencing difficulties.

The growth of processing in*dustries has outstripped the* ability of the local raw material, energy and equipment industries to supply it and to find export markets for its products. This means that development of the basis of a well-balanced economy has been too slow: and *this is one of the roots of* the balance of payments problem. Nearly two-thirds of Yugoslav imports have been raw and semi-manufactured materials and one quarter equipment, while consumer goods have played only a minor role.

Thus the main task in the industrial sector has been to reduce dependence on imports *and increase* both exports and import substitution. This is being attempted by investing heavily in energy and basic raw materials and giving those industries higher tariff protection, while requiring foreign suppliers of equipment to use Yugoslav firms as subcontractors or enter into buy-back arrangements. Some local pro*ducers now manufacture high* quality equipment, and the share of imports in investment should decline from the current 20 per cent. figure.

Production

Under-utilisation of capacity in processing industries contributes towards their high production costs and, combined with general inflation, is *threatening* Yugoslav exports competitivity. There has also been the problem of duplicated investment. The Yugoslav system rules out state interference in investment decision making, but no substitute has been found in practice to avoid duplication while still allowing healthy competition.

At the moment there are *some 29,000 projects under con*struction in Yugoslavia, the bulk of them in industry. Most are comparatively small projects, for the modernisation and expansion of existing facilities. But 186 are major projects worth over YD 500m (£14.5m) each.

Here the problem has been that the investment front has been too wide, that the construction and gestation periods have been too long and that the technology used has sometimes been already obsolete. It has been hard to find finance for all the projects.

Another problem for Yugoslav industry is the heavy burden of various taxes and quasi-taxes. Industry has been the main financier of social services, which in the words of Premier Djuranovic are more appropriate to a *society* with per capita national income of $4,000 rather than Yugoslavia's $1,800. The so-called free exchange of labour whereby producers of goods sit together with the suppliers of various services (education, health protection, *social security, etc.) and decide* how much money the latter will get for what they perform has not eased the burden but has too often increased it.

Enumerating some of Yugoslav industry's problems is not saying that its future is bleak. *On the contrary it seems that* the infant industry period is approaching its end. In three decades industry has created strong foundations: machine tools here are "younger" than in many other highly industrialised countries, skilled workers have accumulated expertise in many fields and a large number of experts and specialists have been educated. Yugoslavia still needs foreign technology and know-how, but it now has some to offer as well. It is a good partner both for *joint ventures in Yugoslavia* and in third countries.

This is particularly true of the construction industry which has been very active. Last year *it built $1.25bn worth of pro*jects abroad and has capacity for even more. Its weakness is the lack of finance to credit more projects, and this is another field where co-operation with companies and financial institutions in the developed countries *and in oil exporting countries* would be desirable and advantageous to both sides.

A.L.

Foreign policy

CONTINUED FROM PREVIOUS PAGE

old habits of thinking in terms of centrally planned bi-lateral trading. Part of the *problem* is that Yugoslavia, like so many other developing countries, first does not produce goods which are needed on developed markets and secondly lacks the marketing skills and aggressiveness to sell what goods and *services it does have* to offer.

This criticism is partly accepted by the Yugoslavs, but in arguing for a much wider negotiating mandate in the forthcoming EEC - Yugoslav negotiations, they tend to widen the argument. Assuming their role as spokesmen for the developing world, diplomats and trade experts argue that what *is at stake are much* larger issues of access to markets for developing countries in general. In Yugoslavia's case, they also argue that an ungenerous and narrow - minded economic approach to Yugoslavia's problems could force the country *either to reduce its imports* from the EEC, or step up its trade with the Comecon countries—or both.

It is loth to increase the *proportion of its trade* with Comecon for both political and economic reasons. First, it does not want to be in a position where pressure for political or other concessions could be reinforced by economic arguments such as a reduction *of oil or other* strategic products. Secondly, it believes that the future of the self-management system must *lie in* increasing the general efficiency and the technical level of Yugoslav enterprises to a Western level.

For this it requires access to Western technology, Western markets and Western marketing skills. This will never be *achieved if an increasing* proportion of Yugoslav trade is done with the centrally planned economies with their comfortable long-term purchasing arrangements and *lack of stimulus* for improvement.

Significantly, Yugoslav officials believe that this point is much more sympathetically under*stood by American than by the* Community, while other trading partners like Japan are also *scouring Yugoslavia in search* of products to buy in exchange for their increased exports.

Security

Looking around the diplomatic horizon as seen from Belgrade, however, Yugoslavia's principal aim of preserving its security, independence and *non-aligment appears to be* assured.

The Treaty of Osimo, which finally *resolved the* frontier between Italy and Yugoslavia, means that Yugoslavia's principal border with the West is now one of the most relaxed *anywhere in the world.*

Slovene unhappiness with the treatment of its minorities in Carinthia and Burgenland remains an issue in Austro-Yugoslav relations. But those with its direct Comecon neighbours are generally good, except *in the case of Bulgaria, where* the Macedonian question bubbles beneath the surface.

For the average Yugoslav all this is translated in freedom to travel all over the world without a visa in most cases, if he has the money to do so. No visas are required for foreigners to enter Yugoslavia either, except in special cases. Visas are required to and from *the Soviet Union, for example,* because the Russians insist on putting Yugoslavia in the category of a *Western* country for these purposes.

It all seems very relaxed. Once again, however, behind this genuine desire for maximum freedom and the *minimum* of bureaucratic intervention the Yugoslav authorities take the security question very seriously. The armed forces are reportedly well-equipped and a decentralised system of "global defence" means that millions of Yugoslav's can be mobilised within hours.

At the same time the secret police keep close tabs on the ex*tremist nationalist groups and* suspected Stalinists, both in Yugoslavia and abroad.

One of the leading Stalinists, Mileta Perovic, was abducted outside Yugoslavia, according to his defence lawyer, and then arrested and brought to trial in *Yugoslavia on charges of plot*ting against the State. For this he recently received a 20-year jail sentence. The Yugoslav authorities also responded to the recent West German request for the extradition of suspected West German terrorists from Yugoslavia with a quid pro quo demand for the extradition of Croatian extremists from West Germany.

It is quite clear that the Yugo*slavs have taken President* Lincoln's dictum that the "price of freedom is eternal vigilance" very closely to heart. This allows Yugoslavia to relax from a position of strength and that is clearly how they intend to keep it.

A.R.

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INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

FINANCIAL TIMES STOCK INDICES

	June 16	June 15	June 14	June 13	June 12	June 9	A year ago
	70.44	70.57	70.63	70.78	70.79	70.26	67.94
Government Secs.	72.52	72.55	72.49	72.36	72.26	71.70	67.57
Fixed Interest	470.6	469.2	471.9	474.6	472.2	466.9	441.6
Industrial Ordinary	157.9	157.0	158.3	160.9	158.2	157.9	109.4
Gold Mines	5.62	5.63	5.60	5.58	5.61	5.66	5.27
Ord. Div. Yield	16.39	16.43	16.52	16.26	16.35	16.51	16.14
Earnings Y'ld % (full)	8.18	8.14	8.20	8.23	8.18	8.10	8.99
P/E Ratio (net)	4,241	4,862	4,845	5,163	4,967	4,652	4,053
Dealings marked	—	64.71	73.92	78.06	68.70	89.29	44.07
Equity turnover £m	—	16,122	15,239	15,745	14,466	19,297	10,647
Equity bargains total							

10 am 469.4. 11 am 469.6. Noon 470.9. 1 pm 471.3. 2 pm 471.3. 3 pm 471.3.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=8.88.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (4/1)	68.79 (6/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (4/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.5 (4/1)	434.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (3/3)	130.3 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 16	June 15
—Daily		
Gilt-Edged	152.5	145.3
Industries	141.8	167.2
Speculative	37.2	44.7
Totals	95.5	110.7
5-day Av'rage		
Gilt-Edged	177.9	179.3
Industrials	157.8	161.9
Speculative	50.9	52.1
Totals	109.6	111.5

FT—ACTUARIES INDICES

	June 16	June 15	June 14	June 13	June 12	June 9	A Year ago
	210.99	209.99	211.44	212.02	210.42	208.75	176.2
Industrial Group	233.73	233.00	234.58	235.02	233.37	231.83	201.
Shares	5.44	5.45	5.41	5.40	5.44	5.47	5.6
Yield	8.04	8.02	8.07	8.09	8.04	7.99	8.8
P/E Ratio (net)	215.94	216.45	216.66	217.01	215.29	213.57	184.
Shares							

NOTES

Prices do not include $ premium except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ⊕. ¶ Guernsey gross. ⊘ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at 7th June, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	126.93
Clive Fixed Interest Income	112.91

CORAL INDEX: Close 468-473

INSURANCE BASE RATES

† Property Growth	9¾%
† Vanbrugh Guaranteed	9 %

Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
25M	28S	Exch. 5pc '76-78‡‡	98⅞	17.2	5.06	9.07
9S	9M	Treasury 11½pc '79‡‡	101⅝	31.1	11.32	9.03
17M	17S	Treasury 3pc '79‡‡	95⅝	6.2	3.14	5.69
28M	28S	Electric 4¼pc '74-79	95½	17.2	4.45	8.00
1M	1N	Treasury 10½pc '79‡‡	100¼	28.3	10.47	10.22
15M	15N	Electric 3½pc '76-79	96¼	10.4	3.64	6.31
3S	3M	Treasury 9pc 1980‡‡	97½	25.1	9.23	10.60
14N	14M	Treasury 8½pc '80‡‡	98⅛	7.4	9.68	10.59
15D	15J	Treasury 3½pc '77-80	93¼	9.5	3.75	7.20
15D	15J	Funding 5¼pc '78-80‡‡	93¾	9.5	5.60	8.74
25M	25N	Exchequer 13pc 1980‡‡	104¼	18.4	12.47	10.92
15J	15Ja	Treasury 11½pc 1981‡‡	101xd	8.6	11.36	10.96
15A	15F	Treasury 3½pc 1979-81	89⅞	9.1	3.93	8.12
1O	1A	Treasury 9¾pc 1981‡‡	96½	23.2	10.07	11.08
12D	12J	Exch. 8¼pc 1981	93	—	8.84	10.93
4F	4A	Exch. 9½pc 1981	95⅝	29.12	9.96	11.29
21F	21A	Exch. 3pc 1981	86⅛	16.1	3.48	8.04
17M	17N	Treas. Variable '81‡‡	96⅛	10.4	10.33	11.06
22M	22N	Exch. 12¼pc 1981‡‡	103	17.4	12.28	11.34
15J	15Ja	Treas. 8½pc '80-82‡‡	92⅞xd	8.6	9.15	10.96
15A	15F	Treasury 3pc '82‡‡	84½	9.1	3.55	7.96
16S	16M	Treasury 14pc '82‡‡	107	7.2	12.99	11.35
15D	15J	Treas. Variable '82‡‡	95⅛	8.11	10.43	11.48
5J	5Ju	Treasury 8¼pc '82	91xd	1.6	8.99	10.81
22M	22S	Exch 9¼pc 1982	92	15.2	9.97	11.39
22M	22S	Exch. 9¼pc 1982 A	92	—	9.97	11.42
5Ja	5J	Exch. 8¼pc 1983	91xd	—	9.60	11.27
21A	21F	Exch 3pc '83	80⅝	16.1	3.72	8.05
17S	17M	Treasury 12pc 1983‡‡	102	8.2	11.73	11.53
		Five to Fifteen Years				
13J	13Ju	Treasury 9¼pc '83	90⅞xd	12.6	10.10	11.49
12J	12D	Exch. 10pc 1983 (£15pd)	£95	—	10.53	11.26
15J	15Ja	Funding 5½pc '82-84‡‡	82¼xd	8.6	6.65	9.59
10J	10Ju	Treasury 8½pc '84-86‡‡	88xd	5.6	9.61	10.67
1N	1M	Funding 6½pc '85-87‡‡	79½	28.3	8.27	10.22
25J	25Ja	Treasury 7¾pc '85-88‡‡	84⅛	20.12	9.56	10.98
1J	1Ju	Transport 3pc '78-88	62¾xd	25.5	4.77	8.60
15A	15O	Treasury 5pc '86-89	66⅝	9.3	7.61	10.15
[illegible]	15Ja	Treasury 13pc 1990‡‡	103⅞xd	8.6	12.42	12.24

FOREIGN BONDS & RAILS

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
—		Antofagasta Rly	20½	87.1	—	—
1J	1J	Do. 5pc Pref.	34½xd	30.5	—	—
1J	1J	Chilean Mixed	98	3.1	3	£3.10
1J	1D	German Yng. 4½pc.	405xd	1.6	4½	—
1M	1N	Greek 7pc Ass.	54	2.5	3½	£6.48
1F	1A	Do 6pc 28 Stab. Ass.	51	1.2	6	£6.00
1A	1O	Do 4pc Mixed Ass.	43	3.4	4	£4.76
May 1		Hung. '24 Ass.	55	2.5	4½	5.00
30J	31D	Iceland 6½pc '83-88	65xd	30.5	—	12.60

BANKS AND HIRE PURCHASE (part)

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
June	Dec.	King & Shax 20p	62	15.5	3.39	—	8.3	—
May	Nov.	Kleinwort B.L.	99	3.4	4.12	—	6.3	—
Aug.	Apr.	Lloyds £1	268	27.2	9.09	5.5	5.1	5.4
Jan.	Sept.	Manson Fin. 20p.	44	30.1	†2.79	1.5	9.6	10.9
Sept.		Mercury Secs.	110	25.7	3.39	—	4.7	—
July	Apr.	Midland £1	358	2.5	14.75	4.3	6.2	5.6
Dec.	June	Do. 7½% 83-93	£83xd	12.6	Q7½%	21.1	f9.0	—
June	Dec	Do. 10¼% 93-98	£86¼	15.5	Q10¼%	21.1	e12.8	—
Jan.	July	Minster Assets	57	30.5	3.55	2.5	9.4	6.5

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MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Burma Mines 17½p	15	579	—	—	—
Aug. Feb.	Cons. Murch. 10c	225	3.1	‡Q30c	2.6	‡
November	Northgate C$1	455	30.9	—	—	—
Jan. June	R.T.Z.	224	25	9.5	2.8	6.4
—	Sabina Inds. C$1	64	—	—	—	—
—	Tara Explm. $1	£11½	—	—	—	—
Nov. July	Tehidy Minerals 10p	43	25	1.33	ϕ	4.7
October	Yukon Cons. C$1	180	15.9	Q7c	2.9	1.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- £ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ϕ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 29

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

IRISH

OPTIONS

3-month Call Rates

Industrials

Property

Oils

Mines

FINANCIAL TIMES
Monday June 19 1978

NATIONAL HARMONY AND ECONOMIC PROSPERITY TO BE CAMPAIGN THEMES

Callaghan calls Labour to arms

BY PHILIP RAWSTORNE AND ROBIN REEVES

MR. JAMES CALLAGHAN called on the Labour Party at the weekend to prepare the ground for a General Election campaign on a programme of "national harmony and economic *prosperity*."

In a major speech to a Welsh Labour Party rally at Brecon, the Prime Minister set out five targets for a Labour Government in the next decade. These were:

1—To build on the success achieved in the fight against inflation to create more jobs.

2—To plan and assist the regeneration of industry, encourage worker participation and protect those who suffer the effects of rapid economic change.

3—To build a more compassionate and caring society in which prosperity was more fairly shared.

4—To enhance freedom and enlarge it with a social background that gave every individual the opportunity to make the most of his or her talents.

5—To continue the work for world peace and attack the poverty that underlay international tensions.

In electioneering mood, Mr. Callaghan urged party workers to open an immediate campaign to put Labour's message to the electorate.

"Explain the choices and we can bring the nation with us," *he declared.*

The Tory approach was to deride every success, exploit *every grievance, undermine* every effort and rejoice at every setback, said Mr. Callaghan.

Profligate party

They could never unite the country for the tasks ahead. Their appeal was based on the myth that income tax cuts would solve all problems. "But in office they are the most profligate party this country has ever seen."

The Prime Minister's rallying call to the party reinforced the general view at Westminster that an October General Election is now virtually certain.

The Prime Minister intends to test the mood of the electorate next month with two by-election contests in the vacant Labour seats at Manchester Moss Side and Penistone.

Labour candidates for the by-elections, which will be held on July 13, were selected at the weekend.

Mr. Callaghan will look to them to secure confirmation of Labour's traditional support in *the northern inner city and* mining areas.

The Government's talks with *the TUC on the next pay round,* the results of the Bonn economic summit next month, and the course of the economy through the summer will be other crucial factors in the Prime Minister's final decision on the election date.

In the prolonged pre-election campaign, the Conservatives' first main target—apart from their general appeal to Liberal voters—appears to be Mr. Denis Healey.

Attacks on the Chancellor came at the weekend from Sir Geoffrey Howe, the Tory economics spokesman, and Mr. Peter Walker, former Industry Secretary.

Sir Geoffrey told a Tory meeting at Nelson and Colne that a further period of office for Mr. Healey could only bring "an increasingly sullen sick and seedy society."

Mr. Walker warned that the Chancellor was taking the country to "economic disaster" by *dissipating its credit.* The benefits of North Sea oil were being lost in imports of manu*factured goods.*

Unionist links

Mrs. Margaret Thatcher, the Conservative leader, left London yesterday for a two-day visit to Northern Ireland. She is expected to try to strengthen relations between the Tory Party and the Ulster Unionists.

The possibility of a renewed alliance could be important if the General Election results in another hung Parliament.

Mrs. Thatcher is to address a meeting of the Unionist Council today to which representatives of business and commerce have also been invited.

Accompanying her to the Province was Mr. Airey Neave, the Tory spokesman on Northern Ireland, who came under sharp attack from Labour MPs yesterday for comparing the Labour Party's course with that of *Hitler's Nazis.*

Mr. Neave's tactics showed that the Tory election campaign *could become "dirty as well as* desperate," said Mr. John Grant, Employment Under-Secretary.

The speech had "stooped . . . into the very drain of smear tactics" and indicated the sort *of distortions* that could come.

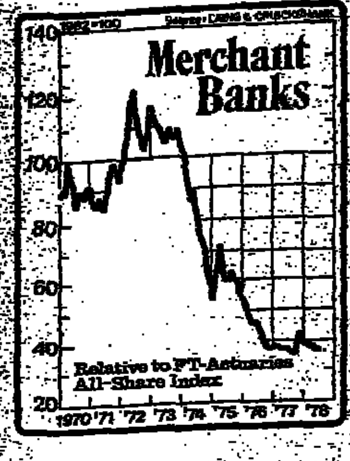
Mr. Ron Hayward, Labour Party general secretary, said the remarks showed that the Tories stood for "the politics of prejudice rather than the politics of reason."

The Conservatives sought to divide and divert the country, but their scaremongering would not work. "The nation has more to fear from the prejudices of the Right than the principles of the Left," he said.

THE LEX COLUMN

The rights issue under attack

Barclays Bank's scheme to issue 28.3m new shares for £85m cash, an end result to be *brought* about by wholesaling the Investment Trust Corporation, has been launched at a time when the institutions have already been becoming concerned about the pressures acting on the traditional rights issue mechanism. Equity Capital for Industry has for some time been trying to persuade smaller companies to sell its lines of *shares rather than call upon* shareholders. Now Barclays has proposed to increase its issued share capital by 14 per cent, effectively at 300p rather than the 335p ruling in the market when the deal was finalised. If the scheme proves successful a number of other similar proposals can be expected as the big pension funds bite deeper into the beleaguered investment trust sector.



The Stock Exchange has always been strict about the need for existing shareholders *to have rights to purchase* any new issues, and permission for direct placings is given only when relatively small sums are involved. Barclays' scheme is technically a takeover rather than an issue for cash, but nevertheless approval is to be sought from shareholders in general meeting.

One reason why companies like Barclays are reluctant to launch a full rights issue is that the amount raised is relatively inflexible. A one-for-four would generate around £140m for Barclays, and to go for a smaller sum would — it is suggested — carry the risk that the option of a full scale issue would be eliminated for a period. Lonrho apart, companies are reluctant to repeat a rights issue in less than two years. But the decision to go for this alternative scheme may also reflect a degree of indecision within Barclays over whether a rights issue is really necessary.

A second justification being put forward for the investment *trust fund raising route is that* it avoids some of the market distortions produced by a rights issue. Small shareholders are often unable to take up rights offers, and suffer from a technically weak share price and from transaction costs when they sell their rights. The theoretical fairness of issues by way of rights is therefore not achieved in practice. *Barclays points to* the initial steadiness of the share price (though by the end of last week it had eased 10p to 325p) and a crucial aspect of the arrangements is that the shares have been underwritten 10½ per cent below the then market level, whereas rights issues are normally underwritten at a *minimum discount of 15 per* cent.

However, other factors have affected the share price—notably the 20 per cent dividend increase, and the implication that a full-scale rights issue will not now happen—while the real test *will not come until the new* Barclays paper gets into the market. Although the dilution involved in Barclays' deal should not be exaggerated—the £9.8m effectively given away to ITC shareholders, being the excess share value over the *£85m receivable,* represents under 1½ per cent of the market capitalisation—there is a *principle at stake.* The institutions face the question of whether they can afford to see others follow Barclays through a widening breach.

Merchant banks

The size of the discount of the *share prices to underlying* net asset value haunts investment trust managers. But if they think that they have problems they *should* spare a thought for the City's prestigious accepting houses which are now rated on a par with second rate engineering companies.

Virtually all of the quoted accepting houses are selling at a significant discount to published net worth. Schroders, the third largest, is currently capitalised at £30m compared with a published net worth of £45m while Hambros shares are also selling at a third below published net asset value. The pic*ture is even worse if the bank's* hidden reserves are taken into account. According to brokers Laing and Cruickshank's annual review of accepting houses which tries to estimate the size of the secret reserves, [illegible] accepting houses are now very undervalued. Schroders and Hambros, in particular, are reckoned to be selling at a discount of around 60 per cent to true net asset value.

It is not only shareholders that suffer from the steep discount. The banks themselves also come off badly, since it effectively debars them from having rights issues to strengthen their capital bases, which in turn inhibits their [illegible] growth. However, it is [illegible] likely that the discounts will disappear or even narrow noticeably unless the Bank of England bends its rules and makes it easier for outsiders to take over an accepting house. Then, at least, it will be possible to see what a merchant bank is really worth.

Deferred tax

There is bad news for the investment analysts of the City as they struggle to make sense of earnings per share calculations in the wake of the accounting exposure draft on deferred *tax,* ED 19. The accountants are likely to make a further compromise before the full accounting standard sees the light of day. Companies will continue to have the option of drawing up their figures on the previous basis whereby deferred tax is charged even when there is no likelihood of it ever being paid. This raises *the distinct possibility* that in a significant number of cases companies will publish earnings per share which are not at all comparable to ED 19 figures.

The main reason for the concession by the Accounting Standards Committee is apparently *that certain UK subsidiaries of* U.S. parent companies are concerned that different figures would have to be filed in the two countries if the ED 19 proposals were to go through unmodified. Most British companies will, in fact, adopt the ED 19 basis for reporting—as many have already done. But there will no doubt be conservative companies which place a high priority on prudence and will go on charging tax at the full nominal rate. If so, there will be no chance of a general return to comparability in reported company earnings—to the limited extent that this *would have anyway been prac*ticable, given the inherent subjectivity introduced by ED 19.

Last-minute bid to stop building society merger

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A LAST-MINUTE attempt to prevent the biggest-ever building society merger will be made this week by a group of dissatisfied shareholders.

Plans for the merging of the Anglia Building Society with the Hastings and Thanet to create the country's seventh largest society with assets of about £1.2bn are due to be formally presented to the Chief Registrar of Friendly Societies on Wednesday for his approval.

The merger has already been overwhelmingly backed in ballots *by members of both societies,* but a group of shareholders, together with local officials of the *National Union of Bank* Employees, are attempting to get the proposals called off.

The Anglia is at present the 11th biggest society in the country, with about 120 branches, 600,000 investors and 100,000 borrowers. The Hastings and Thanet which is the 13th largest society has just under 100 branches, 300,000 investors and 75,000 borrowers.

When the merger plan was *first announced last November,* the two societies said they would achieve much better national coverage and improve efficiency with the elimination of "wasteful duplication" of existing and proposed branches and agencies.

Both societies also emphasised their conviction that the move*ment was likely to polarise into* two specific sections, leaving a handful of very large societies and a larger number of small ones. The merger would enable them to stake a place among the very large operations, they said.

But some members, drawn mostly from the Hastings and Thanet side, are strongly opposed to the plans and hope to convince the Registrar, Mr. Keith Brading, that they should not be allowed to continue. The merger date is set for July 1.

Mr. Paul Twyman, a Hastings and Thanet investor who lives in Kent, claims the backing of large numbers of members in his attempts to kill the proposals.

At Wednesday's meeting in *London,* Mr. Twyman and his supporters will raise legal objections to the merger and claim that the societies have not put forward a convincing enough case to justify their commitment.

"We have made repeated requests for information on numerous aspects of the merger and remain totally unsatisfied with the answers." Mr. Twyman commented.

If the Registrar did not withhold his approval, the objectors' group would consider applying to the divisional court to have his decision quashed. It would also consider calling for Monopolies Commission intervention.

The two societies employ about 1,600 staff and have given guarantees that there *will* be no redundancies for five years.

NUBE officials will be arguing that, with two head offices now operating in Northampton and Bexhill, large numbers of staff will eventually be hit by any rationalisation programme which may take place.

Sadat would accept Israeli garrisons on West Bank

BY L. DANIEL

JERUSALEM, June 18.

FOR THE first time tonight it was disclosed that President Sadat would agree to slight *border modifications* on the West Bank and the presence of Israeli garrisons after the conclusion of *a peace treaty.*

This emerges from the protocol of a meeting between President Sadat and Mr. Shimon Peres, the Israeli opposition leader, which took place in Austria four months ago. The protocol was released only to-day following permission for publication from President Sadat this week.

According to this document the Egyptian President recognises the different security considerations pertaining to Sinai and to the West Bank respectively. Hence, he has agreed with Jordan's consent, for only slight border modifications on the West Bank and a continued Israeli military presence.

President Sadat also told Mr. Peres that he would be ready to complete the first stage of the peace negotiations and sign an agreement on Sinai provided that both parties agreed to all particulars and also that Israel made a declaration of principle to permit the participation of King Hussein of Jordan in the peace negotiations.

In President Sadat's opinion, King Hussein would be ready for talks in co-operation with moderate Palestinian representatives (but not the PLO). The Egyptian President further expressed the opinion that the best solution to the problem of the West Bank would be a link with Jordan.

Mr. Moshe Dayan, the Foreign Minister, said on Israeli television tonight that Israel continued to regard Security Council resolution 242 as the basis for peace negotiations on all fronts. But, he added, that in his view Israel's proposal for administrative autonomy in the West Bank represented adequate implementation of the resolution in that area.

Anthony McDermott writes: Earlier the Israeli Government, after prolonged consultations which could have brought to an end the Premiership of Mr. Menahem Begin, issued a statement on the occupied West Bank and Gaza Strip which can be regarded as a holding position, but also as a victory for *Mr. Begin.*

The Cabinet was meeting to *answer two questions from the* United States, relating to Mr. Begin's offer of administrative *self-autonomy for these* two occupied regions. The first was to elicit what Israel believed would happen after the expiry of the proposed five years of self-rule. The second asked how thereafter the Palestinians themselves would participate in determining their future.

The Israeli Government statement was the product of three Cabinet meetings—the last yesterday—and numerous consultations between Mr. Begin and in*dividual ministers. Even so,* the Cabinet was not unanimous on the statement, for only 14 out of *the 19 Cabinet members voted* in favour. Those against were Mr. Ezer Weizman, the Defence *Minister, and a member of Mr.* Begin's Likud Party, and the four ministers from the *Democratic Movement for* Change, part of the ruling coalition who hold more *moderate views on the question* of withdrawal from the occupied territories.

Mr. Menahem Begin
Cabinet victory.

The Government statement contained three points. The first asserted that Israel considered it vital to continue the peace-making process with its neighbours. The second said that after five years' application "of administrative autonomy in Judea, Samaria (that is the West Bank) and the Gaza district," the nature of future relations would be considered and agreed upon between "the parties."

Third, it said that "for the purpose of reaching an agreement the parties will conduct negotiations . . . with the participation of the representatives of the residents of Judea, Samaria, and the Gaza district elected in accordance with the administrative autonomy."

The Government statement reaffirms Israel's interest in wanting to continue the peace *negotiations set in motion by the* visit of President Sadat, of Egypt, to Jerusalem last November and also leaves open the question of sovereignty over the West Bank and Gaza Strip at the end of the five-year period. But it offers nothing to encourage King Hussein of Jordan to join Egypt in negotiations.

Reuter adds: Egypt regrets Israel's failure to respond favourably to U.S. questions on the future of the occupied West Bank and the Gaza Strip, an official source in Cairo said tonight.

Merchant banks estimated to have £117m in reserves

BY MICHAEL BLANDEN

THE HIDDEN reserves of the London merchant banks could total as much as £117m, it is estimated by a firm of stockbrokers in its latest analysis of the accepting houses sector.

***In an effort to arrive at the* hidden strength of the top merchant banks Laing and *Cruickshank find* wide variations in the amount of money which has been put away by the different banks.**

***Among the biggest banks,* they suggest that the largest amounts of inner reserves are *held* by Schroders, *with* £33.8m and Hambros with £33.1m, while Morgan Gren*fell is estimated to have some* £27m and Kleinwort Benson £16m. Hill Samuel's hidden *reserves are put at a modest* £3.3m, while some of the smaller banks are estimated to have little or nothing put away.**

The brokers' estimates are based on the evidence to the *Wilson Committee about the* financial institutions. This indicated that, while the *figures vary from bank to* bank, the industry showed on average a multiple of total *deposits to their own* resources of about 12 times.

While the brokers see continuing growth for the bigger merchant banks, they are concerned that the smaller groups in the industry, lacking a list of major corporate clients, may gradually lose ground.

Continued from Page 1

Pressure on Saudi Arabia

At the same time within OPEC ranks there is some confusion as to whether a rise could be sustained in present market conditions without the production programme of the kind opposed by Saudi Arabia.

No rise could be maintained under a two-tier system if Saudi *Arabia and Iran,* together accounting for some 45 per cent of present OPEC output, continued to sell at present levels.

One possible outcome of this conference could be an agreement that from 1979 onwards prices in absolute terms would be adjusted regularly to take into account the movement of the dollar against other major currencies, including those of Saudi Arabia and Iran.

But the immediate and burning issue is the recompense demanded by the majority of producers with varying degrees of intensity.

For their part, Saudi Arabia and Iran are not only anxious to preserve OPEC solidarity, but are also sensitive to charges levelled by the Arab price hawks — Iraq, Libya and Algeria — that their support for a continuation of freeze is dictated by a desire to please the U.S.

Mr. Izzedin Mabrouk, Libyan Minister of Oil, has hinted to the effect that "some member countries are not really free but are subjected to pressures."

But he acknowledged that the real problem as far as raising prices was concerned, was the oil glut, and he commented: "We have the means in our hands to end that."

Here again the price militant *countries, none of which is pre*pared to cut production, point to Saudi Arabia, which is still *producing at a rate well above* its financial needs.

Saudi Arabia's crude oil exports fell again in May, some 1.19m barrels/day below the levels of the month before, according to figures released by the Ministry of Petroleum and Mineral Resources writes Jamie Buchan in Jeddah. Average exports of Saudi crude dropped to 6.72m b/d in May, compared with 7.91m b/d in April, and 6.81m b/d in March. This should be measured against an income from oil estimated in the recently-announced budget for 1978/1979 of $33.4bn based on a production ceiling of 8m b/d and stable oil prices for the rest of the year.

Weather

MOSTLY dry and sunny.

S.E., E. Cent., S. and N., S.W. England, E. Anglia, Channel Isles, Midlands, S. Wales

Dry and sunny. Max. 22C (72F).

***N. Wales, N.W. and N.E. England,* Lakes, Isle of Man, Edinburgh, Dundee, S.W. Scotland, Glasgow**

Cloudy with some rain. Max. 21C (70F).

Aberdeen, Highlands, Moray Firth, N.E. and N.W. Scotland, Argyll

Cloudy, occasional rain. Max. 15C (59F).

N. Ireland

Cloudy, occasional rain. Max. 18C (64F).

Outlook: Mostly dry and sunny.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	S	18	64	Luxembrg.	C	16	61
Athens	S	30	86	Madrid	C	15	59
Bahrain	S	37	99	Manchestr.	S	19	66
Barcelona	F	21	70	Melbourne	R	12	54
Beirut	S	27	81	Milan	F	21	70
Belfast	S	18	64	Montreal	C	25	77
Belgrade	F	24	75	Moscow	C	17	63
Berlin	S	16	61	Munich	F	16	61
Birmghm.	S	14	57	Newcastle	S	16	61
Bristol	S	18	64	New York	S	24	75
Brussels	S	19	66	Oslo	S	24	75
Budapest	C	18	64	Paris	F	18	64
B. Aires	C	13	55	Perth	F	18	64
Cairo	S	42	108	Reykjavik	C	6	43
Cardiff	S	20	68	Rio de J'o	S	26	79
Chicago	S	23	74	Rome	S	23	73
Cologne	F	19	66	Singapore	S	30	86
Copnhagn.	S	19	66	Stockholm	S	19	66
Dublin	S	20	68	Strasbrg.	C	14	57
Edinbrgh.	S	19	66	Sydney	S	16	60
Frankfurt	C	19	66	Tehran	S	30	86
Geneva	C	17	63	Tel Aviv	S	29	82
Glasgow	S	22	72	Tokyo	S	31	88
Helsinki	S	14	57	Toronto	C	26	79
H. Kong	S	30	86	Vienna	C	15	59
Jo'burg	S	21	70	Warsaw	C	13	55
Lisbon	F	16	61	Zurich	C	13	55
London	S	17	63				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	F	21	70	Jersey	S	16	61
Algiers	S	25	77	Las Plms.	C	20	68
Biarritz	C	17	63	Locarno	S	19	66
Blackpool	S	16	61	Luxor	S	46	115
Bordeaux	C	18	64	Majorca	F	21	70
Boulogne	S	15	59	Malaga	S	24	75
Casablnca.	C	18	64	Malta	S	26	79
Cape Town	R	14	57	Nairobi	C	17	63
Corfu	S	25	77	Naples	F	24	75
Dubrovnik	S	23	73	Nice	S	21	70
Faro	C	18	64	Nicosia	S	28	82
Florence	F	20	68	Oporto	C	13	55
Funchal	R	18	64	Rhodes	S	28	82
Gibraltar	S	22	72	Salzburg	F	17	63
Guernsey	S	14	57	Tangier	S	19	66
Innsbruck	S	21	70	Tenerife	F	14	57
Inverness	S	14	57	Tunis	F	24	75
I. of Man	S	20	68	Valencia	F	24	75
Istanbul	S	24	75	Venice	F	22	72

S—Sunny. F—Fair. R—Rain. C—Cloudy.

Earnings index to show Phase Three progress

BY DAVID FREUD

FIRM EVIDENCE on how Phase Three of the Government's pay policy is progressing *is expected* today when the index of average earnings for April is released.

In the first eight months of the wage round settlements have been running behind the timetable of earlier years—*only* 66 per cent of workers reaching agreement compared with 80 per cent in the previous round.

The May figure is likely to show some narrowing of the gap and allow fairly precise assessments of whether earnings in the total round will increase by the expected 14 per cent.

The unemployment figures—published tomorrow—will be watched closely to see how the *school-leavers* affect the adult total.

Unemployment has been dropping *steadily* for the last eight months, but officials have been cautious in their interpretation *of the figures.*

This is because the historically high level of unemployment could have changed the way in which school-leavers affect the labour market.

Evidence of any such change will be available in the June figures, in which the summer *school-leavers* appear for the first time.

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TUC

way—although attempts to persuade unions to cut overtime *working could be part of the* arrangement.

Depending on what assump*tions are made about the* way in which output is made good by higher productivity and over*time* working a two-hour cut could on the basis of Employment Department calculations, remove between 40,000 and 200,000 from the official dole queue.

But the number of jobs created would be higher than that, and unions believe the Department has made the most pessimistic assumptions.

The saving in Government expenditure would be between £250m and £350m.

The unions' mounting a campaign for a cut in hours was picked up at the week-end by Mr. Norman Atkinson, Labour Party treasurer and a leading *Tribunite, who said that the* 35-hour week must be included in the General Election manifesto.

Speaking at the Yorkshire miners' gala, he said that it would create more jobs without *inflation.*

As the TUC prepares its own policy document on the issue, the confederation of British Industry will tell the Chancellor tomorrow in talks on the next phase of pay policy that any reduction in the working week must be resisted because it would increase overtime working and damage Britain's competitiveness.

So far, Mr. Healey appears to prefer the employers' argument, while Mr. Albert Booth, Employment Secretary, has also been *warning of the cost consequences* of a shorter week.

But that stance could change if TUC leaders persuade the Government that this is the only trade-off really available to it *this year.*

Yesterday, Lord Allen of the Shopworkers, and one of the *senior Right-wingers in the TUC,* warned that if workers saw free collective bargaining after July *as a chance to use their indus*trial muscle, there could be disastrous economic consequences and the disappearance of union-Government co-operation.

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